Community Air Protection Incentives Guidelines

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Community Air Protection Incentives

Guidelines

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CHAPTER 1: PROGRAM OVERVIEW AND BACKGROUND

A. Introduction

Assembly Bill (AB) 617 (Chapter 136, Statutes of 2017)[1] directed the California Air Resources Board (CARB or Board), in conjunction with local air quality management districts and air pollution control districts (air districts) to establish the Community Air Protection Program. AB 617 provides a community-focused action framework to improve air quality and reduce exposure to criteria air pollutants and toxic air contaminants (TAC~~s~~) in the communities most impacted by air pollution. AB 617 calls for CARB and the air districts to actively engage with members of heavily impacted communities, follow their guidance, and address local sources of concern. AB 617 includes a variety of strategies to address air quality issues in impacted communities, including community-level monitoring, uniform emission reporting across the State, stronger regulation of pollution sources, and incentives for both mobile and stationary sources.

To support ~~the~~ AB 617 ~~effort~~, the California Legislature (Legislature) has regularly appropriated ~~incentive~~ funding, primarily from the Greenhouse Gas Reduction Fund (GGRF), for incentives ~~to support early actions~~ to address localized air pollution in the most impacted communities. ~~Between~~ Since fiscal years 2017-18 ~~and 2018-19~~, the ~~state budget~~ Legislature has appropriated CARB a total of approximately $1.4 billion to the ~~$495 million of California Climate Investments funding for~~ Community Air Protection ~~(CAP)~~ Incentives Program (CAP Incentives Program, or Program) as of 2024, to be administered by air districts in partnership with local communities. ~~The Legislature appropriated $250 million in the Budget Act of 2017, as amended by AB 134 (Chapter 14, Statutes of 2017), and an additional $245 million in the Budget Act of 2018, as amended by Senate Bill (SB) 856 (Chapter 30, Statutes of 2018). This funding emphasizes cleaner vehicles and equipment with priority on community guided zero-emission projects.~~

~~The Legislature directed that air districts spend the funds appropriated in AB 134 on mobile source projects pursuant to the Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer Program) and the Proposition 1B~~

[1] Assem. Bill No. 617 (2017-2018 Reg. Sess.).

~~Goods Movement Emission Reduction Program (Proposition 1B Program). The Legislature expanded the scope of the CAP incentives appropriated in SB 856 to include additional project types. The project types called for in SB 856~~ Per legislative direction included alongside the appropriations and in the California Health & Safety Code (H&SC) Section 44391.4[2], eligible projects include:

- Mobile source projects~~. Eligibility continues~~ through either the Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer Program) or the Proposition 1B Goods Movement Emission Reduction Program (Proposition 1B Program), with a focus on zero-emission equipment.
- Zero-emission charging infrastructure projects~~. Eligibility continues~~ with a focus on medium- and heavy-duty vehicle infrastructure.
- ~~Stationary source projects.~~ New incentives to reduce emissions of TAC or criteria air pollutants from stationary sources of pollution ~~eligibility for the replacement of equipment at locations of stationary sources of air pollution~~ not subject to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation, Title 17, CCR, Sections 95801-96022 (Cap-and-Trade Program)~~, which will result in direct reductions of TACs or criteria air pollutants~~.
- ~~Community identified projects. New eligibility for programs~~ New incentives for community-identified projects developed by an air district consistent with the actions identified in the applicable Community Emissions Reduction Program (CERP) pursuant to AB 617, provided there is community input through a public process.

These *Community Air Protection Incentives Program 2024 ~~2019~~ Guidelines* (CAP Incentives Guidelines, or Guidelines) contain guiding principles, program administration requirements, and eligibility criteria for ~~new~~ the wide variety of new and updated incentives categories that are available for use in the Program. ~~to address the new project categories identified in SB 856. These CAP Guidelines build upon last year's *Community Air Protection Funds Supplement to the Carl Moyer Program 2017 Guidelines* (CAP Supplement), which is included as Appendix A for continued guidance on mobile source projects.~~

[2] Health and Saf. Code § 44391.4.

B. Legislative and Program History

The CAP Incentives Program, at its root, stems from AB 617, but the direction to implement the Program comes from several sources, including: legislative direction accompanying California State Budget appropriations, resolutions signed and approved by the Board at public meetings, and the H&SC. This section contains an overview of how these foundational sources have impacted the development of this Program over time. Additionally, Table 1-1, below, lists all appropriations of CAP Incentives made by the Legislature to date.

Table 1-1: CAP Incentives Appropriations by Fiscal Year as of 2024

Fiscal Year	Statute	Funding Amount and Source
2017-18	AB 134 (Committee on Budget, Chapter 254, Statutes of 2017)[3]	$250 million (GGRF)
2018-19	Senate Bill (SB) 856 (Committee on Budget and Fiscal Review, Chapter 30, Statutes of 2018)[4]	$245 million (GGRF)
2019-20	AB 74 (Ting, Chapter 23, Statutes of 2019)[5]	$209 million[6] (GGRF)
2020-21	No Appropriation	N/A
2021-22	SB 170 (Skinner, Chapter 240, Statutes of 2021)[7]	$260 million (GGRF)
2022-23	AB 179 (Ting, Chapter 249, Statutes of 2022)[8]	$200 million (GGRF) $40 million (General Fund)
2023-24	AB 102 (Ting, Chapter 38, Statutes of 2023)[9]	$195 million (GGRF) $39 million (General Fund)

[3] Assem. Bill No. 134 (Reg. Sess. 2017-2018).
[4] Sen. Bill No. 856 (Reg Sess. 2017-2018).
[5] Assem. Bill No. 74 (Reg. Sess. 2019-2020).
[6] Original appropriation of $245 million reduced due to low cap-and-trade auction proceeds in 2020.
[7] Sen. Bill No. 170 (Reg Sess. 2021-2022).
[8] Assem. Bill No. 179 (Reg. Sess. 2021-2022).
[9] Assem. Bill No. 102 (Reg Sess. 2023-2024).

1. **Assembly Bill 134 and Board Resolution 18-15: Initial Direction for Early Action.**

   Alongside the initial appropriation of incentives to support AB 617 in 2017, the Legislature directed that CARB allocate the funds to the air districts – specifying 95 percent of funds would go to the three largest air districts with the largest disadvantaged community population throughout the State – to spend on incentives and provide immediate air quality benefits in priority populations while other facets of AB 617 were implemented.

   To ensure immediate benefits, the Legislature directed those funds be spent through two existing mobile source incentive programs: the Moyer and Proposition 1B Programs. To facilitate this process, staff developed the Community Air Protection Funds Moyer Guidelines Supplement (CAP Supplement) to provide additional guidance and flexibility to best support the goals of AB 617. This document is incorporated into these Guidelines as Appendix A. The Board approved the CAP Supplement in April 2018 and provided additional direction in Board Resolution 18-15.[10]

2. **Senate Bill 856 and Board Resolution 19-12: Expanded Direction and New Funding Options.**

   The Legislature provided additional direction alongside the subsequent appropriation of CAP Incentives in 2018, contained in SB 856. Expanded direction included the following elements:

   - Focus funding on communities selected to participate in the Community Air Protection Program and in communities under consideration for future selection, including disadvantaged communities.
   - Prioritize investments in zero-emission vehicles and infrastructure where feasible.
   - Continue mobile source funding eligibility through the Moyer and Proposition 1B Programs.
   - Expand funding options to include new incentives to reduce emissions of TAC or criteria air pollutants from stationary sources of pollution not subject to the Cap-and-Trade Program.

[10] *Board Resolution 18-15: Community Air Protection Funds Supplement to the Carl Moyer Memorial Air Quality Standards Attainment Program 2017 Guidelines.* (2018).

- Expand funding options to include new incentives for community-identified projects developed by air districts consistent with actions identified in the applicable CERP pursuant to AB 617.

To meet this new legislative direction, and to incorporate broad direction on AB 617 implementation included in the original *Community Air Protection Blueprint 1.0* (Blueprint 1.0),[11] published in October 2018, staff created these CAP Incentives Guidelines. The CAP Incentives Guidelines provide programmatic and administrative guidance using the Moyer Program's guidelines as its foundation and included two new chapters at the time of its creation to serve as initial options for stationary source incentives: incentives to reduce hexavalent chromium emissions from chrome plating activities in Chapter 4, and incentives for a variety of school measures in Chapter 5. The Board approved the Guidelines in May 2019 and provided additional direction in Board Resolution 19-12,[12] which most notably included a requirement to provide regular updates to the Board in the form of a memo on the status of implementing CAP Incentives. Note that additional chapters have been added in subsequent revisions to these Guidelines.

3. **Legislative Direction Codified into Section 44391.4 of the H&SC.**

Alongside the appropriation of CAP Incentives in the 2019 California State Budget, the Legislature codified its direction up to that point into Section 44391.4 of the H&SC through SB 85 (Committee on Budget and Fiscal Review, Chapter 31, Statues of 2019).[13] The language therein largely comes directly from the legislative direction given alongside its appropriation of CAP Incentives in 2018, in SB 856.

4. **Introduction of Community-Identified and Stationary Source Project Plan Development Pathway.**

Following Board approval of the CAP Incentives Guidelines and using the authority the Board delegated in Resolution 19-12 to CARB's Executive Officer to approve Guideline revisions, staff developed a new chapter that provided a pathway for air districts to expeditiously develop Project Plans to either reduce emissions from or exposure to stationary sources statewide or to address strategies identified in AB 617 community

[11] *Community Air Protection Blueprint 1.0.* (2018).
[12] *Board Resolution 19-12: Community Air Protection Incentives 2019 Guidelines.* (2019).
[13] Sen. Bill No. 85 (Reg. Sess. 2019-2020).

emissions reduction programs. This framework for community-identified projects and stationary source projects is contained in Chapters 6 and 7 of these Guidelines, respectively.

5. **2024 Guideline Revisions and Expansion.**

Staff revised the CAP Incentives Guidelines, again using the authority the Board delegated to CARB's Executive Officer, in March 2024. This revision brings several changes to the Guidelines, including:

- Aligns CAP Incentives Guidelines with newly adopted *Community Air Protection Blueprint 2.0 Final Draft* (Blueprint 2.0).[14]
- Incorporates a wide variety of clarifying changes, expanded guidance, and additional protections in Chapter 3.
- Aligns hexavalent chromium project eligibility in Chapter 4 with amendments made to the Hexavalent Chromium Airborne Toxic Control Measure for Chrome Plating and Chromic Acid Anodizing Operations (Chrome Plating ATCM).[15]
- Expands eligibility for most projects in Chapter 5 to include other sensitive receptors and not just schools. Revisions also include adding a new subcategory for community flag programs.
- Minor clarifying changes to the guidance for air districts creating Project Plans for new kinds of incentives contained in Chapters 6 and 7.
- A wide variety of new project categories in Chapters 9 through 14 derived from many of the CARB-approved Project Plans that air districts have created using the guidance in Chapters 6 and 7.
- Expanded flexibility as well as numerous clarifications for Moyer Program projects implemented by air districts according to Appendix A.

[14] *Community Air Protection Blueprint 2.0 Final Draft.* (2023).

[15] *Proposed Amendments to the Airborne Toxic Control Measure for Chrome Plating and Chromic Acid Anodizing Operations.* (2023).

C. ~~Background on~~ Assembly Bill 617~~: Forming~~ and the Community Air Protection Program

~~CARB has made great strides in improving California's air quality over the last 25 years. Regional levels of ozone and diesel particulate matter have dropped considerably across the State, and all communities have benefitted from these improvements. Some communities still suffer greater health impacts from air pollution than others. Therefore,~~ The Legislature created AB 617 directed CARB to establish the Community Air Protection Program to address the disproportionate burdens ~~against which these~~ faced by the most heavily impacted communities ~~continue to struggle~~ across the State. The Community Air Protection Program requires community-focused and community-driven action to properly address the air quality issues in impacted communities through various elements:

- Community-level air quality monitoring.
- Enhanced and uniform emissions reporting.
- Accelerated retrofit of pollution controls on industrial facilities.
- Increased penalties for violations of emissions control limits.
- The creation and adoption of ~~Community Emissions Reduction Programs~~ a CERP for communities.

CAP incentives support AB 617's broader effort by providing immediate air quality benefits to impacted communities and providing a pathway for air districts to use incentives to address relevant strategies and actions laid out in their CERP. Additionally, the new and updated chapters and stationary source project categories are now available for use statewide through the CAP Incentives Guidelines and can be leveraged by consistently nominated communities[16] that have not been selected.

D. Background on ~~Carl~~ Moyer ~~Memorial Program~~ and Proposition 1B ~~Goods Movement Emission Reduction~~ Programs

The Moyer Program is a grant program that funds vehicles and equipment to complement California's regulatory program by providing incentive funds to

[16] *Consistently Nominated AB 617 Communities List.* (2023).

obtain early or extra emissions reductions. Moyer Program incentives encourage customers to purchase cleaner technologies and stimulate the marketplace to manufacture these technologies. The Moyer Program is a partnership between CARB and local air districts. ~~For both the 2017-18 and 2018-19 budget cycles, the Legislature directed that Moyer Program eligible projects be eligible for CAP incentives. As mentioned above, the CAP Supplement added targeted refinements to the *Carl Moyer Program 2017 Guidelines* (Moyer Guidelines), specific to CAP incentives, in order to better direct the funds to impacted communities.~~

Proposition 1B was approved by voters in 2006 and authorized $1 billion in bond funding to CARB to reduce air pollution emissions and health risk from freight movement along California's priority trade corridors. These corridors consist of ~~the~~ Los Angeles/Inland Empire, the Central Valley, the Bay Area, and the San Diego/U.S. Mexico border area. Like the Moyer Program, the Proposition 1B Program is a partnership between CARB and local agencies (air districts and ports). ~~For both the 2017-18 and 2018-19 budget cycles, the Legislature has specified in the budget appropriations for CAP incentives that air districts have the option of using the Proposition 1B Program Guidelines to evaluate possible truck projects, allowing those elements of the Proposition 1B Program to apply to this funding.~~

The Legislature directed that Moyer and Proposition 1B Program projects be eligible under the CAP Incentives Program, and these Guidelines include guidance on implementing these projects in Appendix A: Community Air Protection Funds Moyer Guidelines Supplement.

E. California Climate Investments Requirements

Funding for the Community Air Protection Program is primarily appropriated from the ~~Greenhouse Gas Reduction Fund (~~GGRF~~)~~, ~~requiring these funds to~~ and must be spent according to the requirements of California Climate Investments, the statewide program that puts billions of cap-and-trade dollars to work reducing greenhouse gas (GHG) emissions, strengthening the economy, and improving public health and the environment – particularly in ~~disadvantaged communities~~ priority populations. These requirements are set forth in the *Funding Guidelines for Agencies that Administer California Climate Investments* (CCI Funding Guidelines) ~~(www.arb.ca.gov/cci-fundingguidelines)~~.[17]

[17] *Funding Guidelines for Agencies that Administer California Climate Investments*. (2018).

The CCI Funding Guidelines address requirements related to facilitating GHG emissions reductions, targeting investments in and benefiting priority populations, maximizing economic, environmental, and public health ~~co-~~benefits, fostering job creation and job training, coordinating investments and leveraging funds, avoiding potential substantial burdens to disadvantaged and low-income communities, ensuring transparency and accountability, and conducting outreach. Projects funded with CAP Incentives align with these goals and requirements, which prioritize the importance of targeting California Climate Investments funds to communities in a way that meaningfully addresses community needs.

State law requires that at least 25 percent of California Climate Investments be allocated to projects located within and benefiting individuals living in disadvantaged communities, and that at least an additional 10 ~~ten~~ percent go to projects located within and benefiting low-income households or individuals living in low-income communities. For CAP Incentives, CARB required in Board Resolution 19-12 ~~18-15~~ that at least 80 percent of each year's funds must be invested in and specifically benefiting these priority populations ~~communities~~, with at least 70 percent spent in and benefiting disadvantaged communities.

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CHAPTER 2: GUIDING PRINCIPLES

A. Introduction

~~As~~ The Community Air Protection Program has the primary objective of being responsive to community concerns and priorities ~~to provide immediate air quality benefits~~, and to reduce emissions of, or exposure to, TAC and criteria air pollutants. The following guiding principles will act as general criteria for air districts to follow when selecting and implementing projects, conducting outreach and community engagement, and in assessing and reporting project benefits. These principles will ensure the voices of community groups ~~will~~ guide project prioritization and selection at the air district level~~, as well as to~~ and guide continued development of the CAP Incentives Guidelines by CARB staff. These principles are derived from statutes, Board direction, and policy documents that apply to CAP Incentives such as the ~~*Community Air Protection Blueprint* and~~ Blueprint 2.0 or the CCI Funding Guidelines. Air districts can prioritize and emphasize these principles according to local community guidance gathered at community steering committee meetings, public meetings, and other community engagement events.

B. Reduce Emissions in AB 617 Communities

These funds must provide emissions reduction benefits to communities identified through AB 617 or AB 1550 (Gomez, Chapter 369, Statutes of 2016).[18] These are generally referred to as cumulative emissions burdened communities, as identified by CARB under AB 617, and disadvantaged communities, as identified through CalEnviroScreen[19] under H&SC 39711.[20] A reduction in emissions must occur within and directly benefit a designated community, but funds should not solely be limited to the 10 ~~ten~~ communities selected by the Board ~~in 2018~~. In addition, CAP Incentives will be used to reduce emissions from mobile and stationary sources as well as other project categories that are included in these CAP Incentives Guidelines, including those subsequently approved by CARB's Executive Officer and incorporated therein.

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[18] Assem. Bill. No. 1550 (Reg. Sess. 2015-2016).

[19] California Office of Environmental Health Hazard Assessment. (2023, May). *CalEnviroScreen 4.0.* https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40.

[20] Health and Saf. Code § 39711.

Furthermore, air districts must use CAP Incentives to reduce emissions consistent with ~~the Community Emissions Reduction Programs~~ a CERP, where area-wide sources may also be considered. Ideally, incentives will be used in support of and in conjunction with planning policies to improve mobility and land use to reduce exposure and proximity issues in heavily impacted communities (~~Community Air Protection~~ Blueprint 2.0~~, Appendix B, Appendix C-14; SB 856 Section 36~~ H&SC Section 44391.4; CCI Funding Guidelines ~~p. 36; AB 134,~~ AB 1550).

Rationale for Principle: CAP Incentives are a way to reduce emissions and exposure in communities with a high pollution burden in order to support the objectives of AB 617 while also meeting requirements that apply to GGRF appropriations under AB 1550. The specific communities that benefit from CAP Incentives ~~will be~~ include those identified in Appendix B of the *2018 Community Recommendations Staff Report* ~~(https://ww2.arb.ca.gov/resources/documents/appendix-b-table-metrics)~~, or disadvantaged and low-income communities identified under AB 1550 (and previously SB 535 (De León, Chapter 830, Statutes of 2012)[21]), and communities consistently nominated for selection. The Board specified disadvantaged community and low-income community funding targets ~~to meet with AB 134 funds; the same targets have been specified for SB 856 funds~~ for CAP Incentives (70 percent within disadvantaged community census tracts, and 80 percent within disadvantaged and low-income community census tracts, as per Board Resolutions 18-15 and 19-12). These targets are consistent with the statutory objectives for CAP Incentives and support the overall targets for California Climate Investments specified in AB 1550. Because the sources that contribute to pollution burdens are unique to each community, both mobile and stationary sources must be considered. Area-wide sources may also be an element of ~~Community Emissions Reduction Programs~~ a CERP.

C. Benefit ~~AB 617~~ Communities Selected, Consistently Nominated, or ~~and~~ Under Consideration to Participate in AB 617

Air districts will prioritize CAP Incentives in communities selected by the Board for the development and implementation of a CERP or Community Air Monitoring Plan (CAMP) in accordance with AB 617, particularly through Project

[21] Sen. Bill. No. 535 (Reg. Sess. 2011-2012).

Plans developed per Chapters 6 and 7 of these Guidelines where necessary and in accordance with community guidance. Air districts will also focus ~~CAP incentives in~~ on communities that have been consistently nominated since 2018 and those currently being considered ~~the Board has selected under AB 617 or is considering~~ for future selection. CARB has released a list of these consistently nominated communities[22] (~~SB 856 Section 36, provision 4~~ H&SC Section 44391.4; *Community Air Protection Program 2018 Community Recommendations Staff Report*; Blueprint 2.0).

Rationale for Principle: In September 2018, ~~ten~~ 10 communities were selected by the Board as initial participants in the Community Air Protection Program. These ~~ten~~ 10 communities are diverse both in terms of location and sources of local pollution burdens. The diverse initial selection of communities, and additional selected communities since 2018, will allow the Board and the air districts to explore a variety of strategies to address community-level air quality issues suffered by other communities statewide, even as the concerns in the selected communities are addressed. As directed by ~~SB 856~~ H&SC Section 44391.4, communities under consideration ~~areas being considered~~ for future selection, primarily including consistently nominated communities, will also be priority areas for CAP Incentives projects. The *2018 Community Recommendations Staff Report* indicates that priority areas ~~for future consideration~~ which are consistently nominated include communities identified by air districts in their first-year recommendations, recommendations provided by community-based organizations, and disadvantaged communities.

D. Consider ~~Air Toxics~~ Toxic Air Contaminant, Criteria Air Pollutant, and Greenhouse Gas Benefits

Air districts must focus CAP Incentives on projects that reduce particulate matter (PM) with a diameter less than 2.5 micrometers (PM 2.5) and community-specific TAC emissions, especially where needed, to support ~~Community Emissions Reduction Programs~~ a CERP. In addition to reducing TAC and PM 2.5 emissions, projects using CAP Incentives may deliver reductions in other air pollutants including GHG~~s~~ and ozone precursor emissions (~~Community Air Protection~~ Blueprint 2.0~~, Appendix C-6~~; H&SC Section 44391.4 ~~SB 856 Section 36, provision 3(a)~~).

[22] *Consistently Nominated AB 617 Communities List.* (2023).

Rationale for Principle: Reduced exposure to TAC emissions is a high priority for all communities, while other pollutants of concern for cumulative exposure burdens are community specific. Incentives should support AB 617's emphasis on reducing exposure to the TAC emissions that contribute to each community's burden, especially where a toxic risk has been identified in or around a community. For example, communities with chrome platers may prioritize reductions of hexavalent chromium, while communities adjacent to ports or other freight hubs may prefer a stronger focus on truck electrification to reduce diesel ~~particulate matter~~ PM exposure.

Projects will often deliver reductions in ozone precursor~~s~~ and GHG emissions ~~greenhouse gases~~, especially where old engines are being replaced. Oxides of nitrogen (NOx) reductions remain important in ozone nonattainment areas and may be a qualitative ~~co-~~benefit of some projects. Air districts must show a net reduction in GHG emissions from CAP Incentives as California Climate Investments, and this requirement may affect project selection.

E. Engage Communities~~, and~~ Provide Support, and Foster Active and Effective Partnerships

Community outreach and support ~~are essential~~ as well as building lasting partnerships with community-based organizations and other community members are vital to the success of the Community Air Protection Program. As part of their public processes, air districts and CARB will seek to develop equity-centered processes and establish meaningful partnerships with participating community members, community-based organizations, local environmental groups, and members of indigenous tribes, with the intent of fostering a shared sense of ownership and investment in the process. Such partnerships will strengthen outreach efforts, ensure projects are directed according to community priorities, and allow local resources to be more effectively leveraged using the very social fabric of the community itself. Equity-centered processes are those that consider all marginalized groups; considerations include engaging with such groups early and often throughout any public processes, making proper accommodations to ensure active participation from members of such groups, and ensuring project implementation focuses on such groups through provisions like higher project selection priority based on income levels, streamlining or removing barriers in the application process, and other process considerations ~~Air districts will designate funds to projects consistent with priorities identified by communities in a transparent and meaningful public process. Air districts will include~~

~~community outreach information in disbursement requests and in semi-annual reports for CAP incentives. For Community Emissions Reduction Programs, air districts will provide an annual summary of outreach conducted to promote funding opportunities, solicit ideas from community steering committees, and identify project priorities. Community outreach information includes dates, times, locations, meeting formats, attendance, accessibility, language interpretation, and meeting materials, as applicable (SB 856 Section 36, provisions 4(a) and 6)~~ H&SC Section 44391.4; ~~Community Air Protection~~ Blueprint 2.0~~, Appendix C-42~~).

Rationale for Principle: All air districts receiving grants of CAP Incentives are required to engage in public outreach and dialogue with community organizations, including Community Steering Committees for areas selected by the Board. Air districts must select and fund projects in accordance with ideas and direction received during community outreach in order to respond effectively to the mandate and promise of AB 617. Projects must also be consistent with eligibility requirements in applicable statutes and guidelines. Additionally, the Blueprint 2.0 contains new guidance requiring development and maintenance of strong partnerships within communities, as well as requiring air districts and CARB to adopt an equity lens for all work relating to AB 617.

F. Emissions Reductions Must be Excess to Laws or Regulations

Projects must provide emissions reductions that are in excess to those otherwise required by law or regulation. With the expansion of regulatory authorities both at CARB and air districts called for in the Blueprint 2.0, incentives may be afforded additional opportunities to generate early and extra emission reductions, as those regulatory requirements drive vehicle and equipment owners to take advantage of early incentives to meet those impending requirements sooner than they otherwise could. Additionally, incentives can be specifically targeted to vehicle and equipment owners that operate in lower-income areas that may lack sufficient resources, ensuring both incentives and regulations can act in concert in an equitable manner (~~SB 856 Section 36, provision 4(b)~~ H&SC Section 44391.4; Blueprint 2.0).

Rationale for Principle: ~~Senate Bill 856~~ H&SC Section 44391.4 requires that projects selected deliver emission reductions that would not otherwise occur through regulations or other legal mandates. ~~Under SB 856~~ Per the H&SC, projects must deliver emission reductions that "complement and further the rules and regulations that the State Air Resources Board and air districts have

established or are in the process of developing to reduce or mitigate emissions from mobile and stationary sources" as they implement AB 617. Regulatory actions called for or pointed out in the Blueprint 2.0 may provide further opportunities for the development and use of new incentives.

G. Prioritize Zero-Emission Technology and Infrastructure

Where feasible and supported by communities, air districts will focus on funding zero-emission technologies, including zero-emission charging infrastructure that supports medium- and heavy-duty vehicles (~~Community Air Protection~~ Blueprint 2.0, Appendix C-18, ~~CARB~~ Board Resolution 18-15; H&SC Section 44391.4 ~~SB 856 Section 36, Provision 5(b)~~; *Governor's 2018 ZEV Action Plan Priorities Update*[23]).

Rationale for Principle: The Moyer Guidelines include as an eligible source category charging stations for zero-emission vehicles. ~~SB 856~~ H&SC Section 44391.4 places particular emphasis on funding charging stations for medium- and heavy-duty vehicles. This aligns with support voiced at CAP Incentives workshops in 2018 for reduced emissions from truck travel near and within ~~disadvantaged~~ overburdened communities, as well as the policy objectives specified in the ~~state's~~ Governor's 2018 *ZEV Action Plan Priorities Update*. Where supported by community organizations and Community Steering Committees, air districts should use CAP Incentives for charging infrastructure projects at distribution centers and other indirect sources for medium- and heavy-duty truck travel.

In addition, for first-year CAP Incentives, which are limited to mobile sources, CARB directed air districts to "prioritize zero-emission vehicles or infrastructure wherever feasible." For second-year CAP Incentives, ~~SB 856~~ H&SC Section 44391.4 directs that funds be used to purchase cleaner mobile source technologies "with a priority on zero-emission equipment," or for "zero-emission charging infrastructure," or to "replace stationary source equipment and technologies that will result in direct emissions reductions of TAC~~s~~ and criteria air pollutant emissions, including zero-emission technologies."

H. Consider Special Projects to Protect Sensitive Receptors

Air districts will consider special projects that contribute to proximity-based goals ~~for~~ to protect health at sensitive receptors. These may include land use,

[23] *Governor's 2018 ZEV Action Plan Priorities Update.* (2018).

health-protective mitigation measures, and transportation and design strategies in consultation with communities and CARB (~~Community Air Protection~~ Blueprint 2.0~~, Appendix C-19~~).

Rationale for Principle: In many communities the proximity of emissions sources to nearby sensitive receptors like schools, homes, day care centers, and hospitals further exacerbates the cumulative exposure burden. Addressing the cumulative exposure burden in communities may require proximity-based actions with a role for incentives. Where communities recommend such actions, air districts and CARB should develop guidelines as needed to implement them.

I. Ensure Transparency in Project Selection and Reporting

Air districts will maintain their AB 617 and community-specific websites with current information about CAP Incentives availability and the process for selection of projects. Air districts will notify affected communities and allow opportunity for comment prior to making funding decisions. Air districts will report to CARB semi-annually on their projects with executed contracts. CARB's GHG emissions reduction quantification methodologies, qualitative ~~co-~~benefit assessment methodologies, priority population benefit criteria tables, and reporting templates will be used to track and report project benefits. Where projects and programs are included in or respond to strategies in ~~Community Emissions Reduction Programs~~ a CERP, air districts will include information on funds distributed, equipment deployed, and emissions reduced in the Community Air Protection Program's annual status updates. CARB will seek to reconcile information submitted in these annual updates with the specific project-level information that air districts must submit to CARB for CAP Incentives. To encourage power sharing with impacted communities, air districts and CARB will also provide training and educational tools to participating community members such as CARB's *Community Air Protection Incentives Orientation Tool*[24], to build capacity to meaningfully participate in and direct funding decisions according to their identified priorities (~~Community Air Protection~~ Blueprint 2.0~~, Appendix C-12 and C-39~~); CCI Funding Guidelines ~~for Agencies that Administer California Climate Investments, Sections IV and VI~~).

Rationale for Principle: Accountability and transparency are essential to the success of both AB 617 and California Climate Investments. The information is used to demonstrate how California is achieving multiple statutory objectives,

[24] California Air Resources Board. *Orientation for Community Air Protection Incentives.* (2024). https://ww2.arb.ca.gov/sites/default/files/ED-Training/OCAP_CAP_Incentives/content/index.html#/.

and achieving those objectives with public funds is a matter of public trust. Regarding reporting benefits and outcomes of CERP strategies, Goal 5 in Part One of the Blueprint 2.0 reiterates CARB's commitment to track and ensure completion of all strategies included in each approved CERP, particularly for those communities initially selected to participate in 2018, and project-level data for CAP Incentives will feed into the overall assessment. Regarding providing training and educational tools to participating community members, Goal 8 in Part One of the Blueprint 2.0 calls on both CARB and air districts to make such tools available and accessible to communities.

J. Consider Both Cost-Effectiveness and Relative Exposure Reduction in Funding Decisions

As part of the~~ir~~ assessment of incentive strategies for their CERP ~~Community Emissions Reduction Programs~~, air districts will consider the relative cost-effectiveness for all potential projects, including those that fall under H&SC Section 44391.4 ~~Provision 6, section 36, of SB 856~~. Mobile source strategies outside of those contained in the CAP Incentives Guidelines will meet Moyer Program or Proposition 1B Program cost-effectiveness requirements as applicable. Stationary source project funding should also be directed towards the most cost-effective stationary source projects. Air districts will document their cost-effectiveness methodologies and calculations, especially where choices must be made about where to focus funds relative to the exposures to different pollutants. Decisions to include less cost-effective projects in ~~Community Emissions Reduction Programs~~ a CERP must consider the support of the Community Steering Committee, community-based organizations, and community members, but these Community Steering Committees, organizations, and members must be informed of relative risk when comparing strategies that address different sources and different pollutants (~~Community Air Protection~~ Blueprint 2.0~~, Appendix C-23~~; AB 617).

Rationale for Principle: AB 617 requires ~~Community Emissions Reduction Programs~~ that a CERP ~~to~~ identifies cost-effective measures to achieve emission reduction targets~~,~~ and requires reductions in TAC emissions as well as criteria air pollutants. A fair assessment of cost-effectiveness must be well documented for consideration by communities prior to funding decisions.

CHAPTER 3: PROGRAM ADMINISTRATION

A. Introduction

This chapter describes administrative requirements that CARB, air districts, and interested parties ~~would~~ must follow to ensure that projects funded with CAP Incentives reduce TAC and criteria air pollutant emissions in communities that bear the greatest burdens from air pollution, as well as other applicable requirements for California Climate Investments, with full public accountability and transparency. CAP Incentives appropriated in the fiscal year 2018-19 Budget may fund mobile and stationary source projects, and other projects and programs specified in an approved ~~Community Emissions Reduction Programs~~ CERP. ~~CAP incentives appropriated in the fiscal year 2017-18 Budget may fund mobile source projects as specified in the CAP Supplement.~~ Additional requirements below apply to all CAP ~~I~~ncentives projects~~, regardless of budget year, including projects using first year funds that are executed after May 23, 2019~~.

The administrative procedures in this chapter are based on the requirements of the Moyer Guidelines, the CAP Supplement to those Moyer Guidelines approved in 2018, the 2017 State Budget (AB 134), the 2018 State Budget (SB 856), the CCI Funding Guidelines, AB 617, and the ~~Community Air Protection~~ Blueprint 1.0 and Blueprint 2.0. In addition, some source categories may have additional administrative requirements. In a case where the source category requirements conflict with requirements specified in this chapter, the source category requirements take precedence. An air district may choose to require more stringent administrative procedures in implementing its local program.

B. Air District Grant Awards

1. **Grant Award Allocations.** CARB's method of determining allocation amounts for air districts will vary from year to year, depending on the direction of statute or the Community Air Protection Program. CARB staff developed the following guiding principles to guide allocation of the second-year funds and consulted with the California Air Pollution Control Officer's Association (CAPCOA) on allocation of the full appropriation.

(A) Consider precedent set by the Legislature with the specified allocation of funds in the first year. The ~~three~~ 3 largest air districts have over 90 percent of disadvantaged community populations in California.

(B) Provide a significant portion of funds to communities selected by the Board under AB 617 requirements. Selection by the Board indicates the Board believes these areas deserve particular and immediate attention to relieve air pollution burdens.

(C) Consider the needs of other communities that CARB "is considering for selection in future years" per ~~SB 856~~ H&SC Section 44391.4. Under the ~~Community Air Protection~~ Blueprint 2.0, this includes all disadvantaged communities as well as specific areas nominated by air districts.

(D) Provide opportunity for smaller air districts to participate and receive CAP Incentives for projects in their disadvantaged and low-income communities ~~and low-income areas~~.

2. **Grant Award Notification and Signature.** After completion of consultations on the allocation of funds, CARB will prepare and submit to qualifying air districts annually a notification of final grant awards, accompanied by a Grant Agreement, for review and execution. A deadline for air district acceptance of the grant award will be specified in a cover letter sent with the Grant Agreement. The Grant Agreement package will include three copies of a cover sheet indicating the amounts of funds granted for projects and for administration, any Special Terms and Conditions, and General Terms and Conditions for the grant. The air district's Air Pollution Control Officer (APCO), or designee, will sign all copies of the cover sheet and return them with an electronic signature or an original signature to CARB. E-signatures permitted for use by State Agencies are as follows:

   (A) A typed name.

   (B) Digitized image of a handwritten signature (e.g., PDF copy of Word document).

   (C) Digital signature.

   Following signature by the CARB Contracts, Procurement and Grants Chief, CARB will return one fully executed grant to the air district for its records.

3. **Funds Timeline.** CAP Incentives funds timeline for air district allocation determinations and grant awards will vary from year to year in response to the Governor's State Budget appropriation and the Board's approval of new selected communities. Dates for completion of disbursements and liquidation for each year's grants may change from year to year depending on ~~according to~~ deadlines included in ~~Legislative direction, and~~ budget appropriations. CARB will ~~be~~ note~~d~~ such liquidation deadlines in the Grant Agreement for each air district each fiscal year. CARB, in its sole discretion, may consider a request from an air district to extend the liquidation deadline. Air districts requesting such extensions must provide any and all information requested by CARB related to the request, and must comply with all applicable terms in the Grant Agreement or amendment thereto.

4. **Conditional Approval.** CARB may elect to approve a Grant Agreement that is missing a particular item and make the submittal of that item a Special Term and Condition of the Grant Agreement. For example, sometimes air district staff is unable to obtain a board resolution or minutes order before the application deadline. In such a case, CARB may allow a board resolution or minutes order to be submitted with the signed Grant Agreement or prior to the air district's initial disbursement.

5. **Policies and Procedures.** Air districts participating in CAP Incentives will need a *CAP Incentives Policies and Procedures Manual* (Policies and Procedures), which is separate from their *Moyer Program Policies and Procedures Manual*. However, due to substantial overlap with the ~~*Carl*~~ *Moyer Program Policies and Procedures Manual*, air districts may choose to structure their ~~CAP Incentives~~ Policies and Procedures ~~Manual~~ as an addendum to their ~~*Carl*~~ *Moyer Program Policies and Procedures Manual*, specifically addressing only those items unique to CAP Incentives, including the items noted in Chapter 3, Section ~~paragraph~~ O ~~of this section~~. The ~~CAP Incentives~~ Policies and Procedures ~~Manual~~ must be completed by July 1, 2020. For air districts that have not yet received CAP Incentives as of that date, they have until prior to requesting initial fund disbursement to submit the completed ~~CAP Incentives~~ Policies and Procedures ~~Manual~~. The manual will focus on the air district's local implementation of the CAP Incentives Guidelines, including roles and responsibilities within the air district and local application of program requirements. Air district staff will review the manual at least once a year and make it available when requested by CARB staff or a member of the public. The manual will include at least the following elements:

(A) Roles and responsibilities within the air district for program implementation, including staff or positions responsible for: responding to CARB funding agreements; community engagement; evaluation, selection and inspection of projects; and obtaining governing board approval for program participation and projects to be funded.

(B) Identification of the project source categories to be supported with CAP Incentives, and a schedule for solicitation and review of applications to be submitted under these source categories.

(C) Procedures for project selection, including cost-effectiveness or other criteria applied to rank projects, how public input and guidance will be considered in project selection, and any procedures that vary by source category. Where the order of application receipt will be used to select projects, the Policies and Procedures will specify how priorities identified by community members will affect the types of source categories and projects that will be considered before projects are selected.

(D) Procedures for notifying successful applicants of their grant awards, and for notifying applicants who have not been awarded grants.

(E) Project selection procedures that ensure funding priority for funding projects that will reduce air pollution in communities with the most significant exposure to air pollution and in ~~disadvantaged~~ overburdened communities.

(F) Methods for calculating interest earned on CAP Incentives held by the air district.

(G) Procedures for grantees 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 grantee reporting.

(H) Methods the air district will use to verify the destruction of engines and equipment when required, consistent with minimum standards specified in applicable Moyer or CAP Incentives Guidelines by source category.

(I) Methods the air district will use to store and retrieve digital photographs documenting project inspections along with associated project-specific information.

(J) Procedures, schedules, and required content for grantee reports.

(K) 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 grantee.

(L) Procedures for working with nonperforming grantees to gain full compliance with contracts and program requirements.

(M) Any air district program requirements that are more stringent than those specified in applicable state guidelines and mail-outs.

(N) Any CARB approvals of air district program elements that vary from those required by applicable state guidelines and mail-outs~~,~~ (e.g., methods of ensuring engine or equipment destruction that vary from those specified in the source category chapters).

(O) Procedures to be used to support the requirements specified in CCI Funding Guidelines Section IV (e.g., transparency in program implementation, public access to information on program activities and outcomes, outreach to priority populations, and public notification of projects proposed and projects selected. Examples of public notification include posting proposed CAP Incentives projects on a designated air district webpage).

6. **Policies and Procedures Review.** The Grant Agreement includes the air district's statement that it is maintaining a manual of current policies and procedures consistent with the requirements above. CARB may choose to review an air district's Policies and Procedures ~~Manual~~, and an air district may request CARB's review of its manual's completeness and consistency with both the CAP Supplement and these CAP Incentives Guidelines. CARB comments on an air district's Policies and Procedures ~~Manual~~ will be provided by email or in another written format. An air district's Policies and Procedures as implemented can only be fully evaluated during a program review process.

C. Fund Disbursement – Advance Payment

1. **Procedure.** Consistent with ~~California Health and Safety Code (~~H&SC~~)~~ Section 39603.1,[25] to expeditiously disburse grants, CARB has the

[25] Health and Saf. Code § 39603.1.

discretion to provide advance payments of CAP Incentives 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.

Recognizing that appropriate safeguards are needed to ensure CAP Incentives are used responsibly, CARB has developed the grant conditions described below to establish control procedures for advance payments. CARB may provide advance payments to air districts awarded CAP Incentives if CARB determines all of the following:

(A) The advance payments are necessary to meet the purposes of the grant project.

(B) The use of the advance funds is adequately regulated by grant or budgetary controls.

(C) 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.

(D) The air district is either a small air district or the air district meets all of the following criteria:

(1) Has no outstanding financial audit findings related to any of the CAP Incentives eligible for advance payment and is in good standing with the Franchise Tax Board and Internal Revenue Service.

(2) Agrees to revert all unused monies to CARB if they are not liquidated within the timeline specified in the Grant Agreement.

(3) Submits a spending plan to CARB for review prior to receiving the advance payment.

(4) The spending plan shall include project schedules, timelines, milestones, and the air district's fund balance for all state grant programs.

(5) CARB shall consider the available fund balance when determining the amount of the advance payment.

(6) Reports to CARB any material changes to the spending plan within 30 days.

(7) Agrees to not provide advance payment to any other entity.

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(E) In the event of the nonperformance of the air district, CARB shall require the full recovery of the unspent monies. The air district shall provide a money transfer confirmation within 45 days upon the receipt of a notice from CARB.

(F) The air district 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 air district after the grant execution.

(G) 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 air district's interim cash needs.

(H) The air district assumes legal and financial risk of the advance payment.

(I) The air district should place funds advanced under this section in an interest-bearing account. The air district shall track interest accrued on the advance payment. Interest earned on the advance payment shall only be used for eligible grant-related expenses (refer to Section F.4).

(J) The air district shall report to CARB the value of any unused balance of the CAP Incentives and interest earned (refer to Section H).

(K) The air district shall remit to CARB any unused portion of the CAP Incentives and interest earned within 90 days following the end date of the grant (refer to Section K).

2. **Additional Requirements.**

(A) Any Special Terms and Conditions in the Grant Agreement must be met before CARB will disburse funds associated with the grant award. Disbursement requests must be received by CARB by May 1 each year to ensure payment within the fiscal year. Any funds not disbursed by June 30 one year following the award may not be disbursed.

(B) The preceding CAP incentives Yearly Report must demonstrate on-time liquidation consistent with the requirements of the Grant Agreement; or if not, any funds not liquidated on time have been

received by CARB. CARB will not require a return of funds under executed contract. CARB may require an air district to change the funding years from which funds are assigned to projects in the statewide database to facilitate on-time liquidation.

(C) The *Grant Disbursement Request Form* is accompanied by:

(1) Documentation of a public process to solicit project ideas from local residents and community groups, and an air district summary of the results of that process.

(2) A list of projects under executed contract with invoices pending, or approved by an air district governing board, or under air district staff review for eligibility and funding. The total cost of the projects listed should equal the amount of funds requested. The air district will indicate whether each project listed satisfies evaluation criteria for benefits to priority populations. The CCI Funding Guidelines criteria for Clean Transportation and Equipment[26] will be used unless otherwise directed by CARB for certain project types ~~(www.arb.ca.gov/cci-resources)~~. CARB may provide a template to facilitate compilation and review of this list.

D. Redirection of Funds

1. **Procedure.** An air district may redirect grant funds already disbursed by CARB to another air district. CARB staff must approve all redirections. Redirection of funds to another air district may be used as a follow-up action when an air district is not meeting liquidation targets, as described in Section I.3. Copies of all documents listed below will be submitted to CARB:

(A) A *Redirection of Community Air Protection Incentives Form* provided by CARB, with the appropriate portions completed in consultation with CARB staff and indicating the sums of project and administrative funds to be redirected, which may include interest or other earned funds.

[26] California Air Resources Board. *CCI Funding Guidelines Criteria for Clean Transportation and Equipment*. (2024). www.arb.ca.gov/cci-resources.

(B) Resolutions or minute orders adopted by the boards of the air districts transferring and receiving funds that authorize the redirection.

(C) A memorandum of understanding (MOU) or equivalent signed by the APCOs of the two air districts. The MOU must:

(1) Specify the details and conditions of the redirection of funds.

(2) If applicable to the grant, identify which air district is responsible for required match associated with the redirected funds.

(3) Identify the funding year and the associated liquidation deadline for the redirected funds.

(4) Specify how and when the transferring air district will make payment to the recipient air district.

2. **Retention of Administration Funds.** Air districts redirecting project funds may retain associated administrative funds with approval of the receiving air district. By the end of the fiscal year in which the funds are transferred, the redirecting air district must provide to CARB a description of how the administrative funds have been utilized for the period since the grant was awarded, including but not limited to the following:

(A) A list of public meetings and other outreach conducted to seek direction from local residents and community groups on community needs and potential projects.

(B) A summary of air district activities to solicit project applications, including copies of any written grant solicitations and lists of potential applicants to which outreach was directed.

(C) A list of project applications submitted and reviewed.

(D) A breakdown of staff time devoted to CAP Incentives activities.

(E) A summary of any CAP Incentives training activities for air district staff.

E. Air District Implementation Funds

Air districts with one million or more inhabitants may use up to 6.25 percent of their CAP Incentives grant funds for costs associated with the program

administration and implementation activities required by the Grant Agreement, while air districts with under one million inhabitants may use 12.5 percent of their CAP Incentives grant funds for such purposes. Administrative or indirect project costs may not exceed 4 percent of the total grant funds amount.

1. **Project Implementation Costs.** Allowable expenditures for administrative and implementation costs associated with the grant are divided into direct project costs and indirect project costs. Air districts must keep records of project implementation costs that include all necessary staff and tasks to implement the project. If appropriate, this includes activities such as outreach and education, research, data management, and reporting. Direct and indirect project costs are defined below:

    (A) Direct project costs are the direct project labor and expenses associated with the project, and include, but are not limited to, the following:

        (1) Personnel costs and fringe benefits.

        (2) Travel expenses.

        (3) External consultant and third-party contract fees for direct support.

        (4) Printing, records retention, and mailing associated with staff working on the project.

    (B) Indirect project costs are administrative costs not tied directly or solely to the project such as distributed administration and general administrative services; non-project related contracts or subscriptions; rent and office space, phones and telephone services, printing, or mailing services not associated with staff working on the project; or any other costs that are not directly and fully incurred to support the grant. Indirect project costs may not exceed four ~~4~~ percent of the total grant amount.

2. **Records Retention for Implementation Costs.** Air districts will make available the above-described documentation for review during CARB or other State agency monitoring visits, reviews, and audits. Such administrative records must be retained for a minimum of five years following the funds liquidation deadline for the grant.

3. **Mitigation for Unallowable Costs.** An air district that charges unallowable costs for program administration or outreach must substitute

eligible administration and outreach expenses equal to the dollar amount found ineligible or return the funds for the unallowable cost to CARB.

F. Accounting Principles

Air districts must establish accounting practices for CAP Incentives including the requirements below, as early as practicable and no later than July 1, 2020.

1. **Community Air Protection Incentives Account.** CAP Incentives must be accounted for as separate funds or have separate project IDs within the air district's general ledger following Generally Accepted Accounting Principles (GAAP). An air district receiving an allocation of one percent or more of the total appropriation of CAP Incentives in a given year must use a Special Revenue Fund for CAP Incentives accounting. Other air districts may use a Trust Fund.
2. **Timing of Recognition in Financial Statements.** CAP Incentives grants are voluntary non-exchange transactions to the air district. As such the air district should recognize revenues in the fiscal period when all eligibility requirements have been met and the resources are available. For reference see Governmental Accounting Standards Board (GASB) Statements 33 and 34.
3. **Required Financial Statements.** Financial statements containing, at a minimum, the following account balances and transaction classes, as applicable, will be prepared at least annually.
    (A) Balance Sheet
        (1) Cash and Cash Equivalents (cash, investment pools, petty cash).
        (2) CAP Incentives Revenue Receivable (grant funding from CARB).
        (3) Recapture Revenue Receivable (recapture funds receivable from grant participants for unmet contractual obligations).
        (4) Salvage Revenue Receivable (revenue receivable from retired equipment sold or auctioned for scrap metal).
        (5) Accounts Payable (vendor invoices pending for CAP Incentives projects).
        (6) Fund Balance.
            a. Restricted for Air District Projects.

b. Restricted for Administration and Operating Costs.

(B) Statement of Revenues, Expenditures, and Changes in Fund Balance

(1) Revenue Subsidiary Ledgers.

a. CAP Incentives Project Revenue.

b. Administration and Operating Revenue.

c. Recapture Revenue.

d. Salvage Revenue.

e. Interest Revenue.

(2) Expenditure Subsidiary Ledgers

a. Project Expenditures (from CAP Incentives grants, recapture, salvage, interest).

b. Administration and Operating Expenditures including indirect costs.

(3) Awards Returned

a. CAP Incentives air district money returned to CARB for reallocation.

b. Transfers In/Out.

4. **Interest Revenue.** The air district must maintain accounting records that track the grant's interest earned on CAP Incentives separately from other incentive fund programs. The calculation of interest earned must be based on a daily balance or some reasonable and demonstrable method of allocating the proceeds from the interest-generating account back into the program~~;~~ and must be consistent with how it is calculated for the air district's other fiscal programs. Interest earned shall only be used for eligible grant-related expenses as specified in applicable guidelines, including administration up to the portion provided for in the Grant Agreement, or be remitted to CARB.

(A) An air district electing not to invest CAP Incentives cash balances but investing other cash balances should deposit the CAP Incentives in a separate checking account to clearly indicate that no such monies were invested.

(B) When invested, CAP Incentives should receive equitable pro-rated interest earned on the total funds invested. As State funds, CAP

Incentives may be invested only in accounts or instruments that reflect the risk appetite of the State. For reference, see Office of the State Treasurer Local Agency Investment Guidelines. Any loss from investments not made in accordance with standards set forth in California Government Codes must be covered by the air district.

(C) Earned interest is reported annually during Yearly Reporting. An air district will report interest earned on CAP Incentives during the previous fiscal year, and that amount is added to the CAP Incentives target based on the fiscal year in which it accrued, with a liquidation period equivalent to the amount of time given to liquidate that fiscal year appropriation. In cases where there is no appropriation in the fiscal year the interest is earned, the period of time to liquidate funds ~~given by the Legislature for~~ in the most recent ~~appropriation of~~ CAP Incentives Grant Agreements will be used. Earned interest must be liquidated by the end of the grant performance period or returned to CARB, as described in Section C.1.(K). Documentation of the interest earned must be retained for a minimum of three years following its liquidation.

5. **Recapture and Salvage Revenue.** Revenues earned or collected by the air district through CAP Incentives resources, including revenues obtained through salvage and sale of scrapped equipment, must be reported and either retained as a supplemental source of funds for CAP Incentives projects or forwarded to CARB for deposit in the appropriate State fund. If recaptured funds or salvage revenues are invested, such revenues must meet the requirements of Section F.4.(B) above. Air districts are not required to earn funds through program actions, nor are expected to base business decisions on their ability to generate returns or collect funds through program activity.

6. **Expenditures for Community Air Protection Projects.** All project expenditures out of the CAP Incentives account must meet the requirements of the CAP Incentives Guidelines and the CCI Funding Guidelines applicable at the time of contract execution.

7. **Reporting Requirements.** No later than six months after the air district fiscal year end, the air district will append to its Yearly Report financial statements displaying revenues and expenditures related to projects funded by CAP Incentives, in formats consistent with GAAP.

8. **Records Retention.** Grant receipts and expenditure documents including invoices, contracts, vouchers, and personnel and payroll records should be retained for five years after the grant liquidation period or the last recorded grant transaction, whichever is later.

G. Co-Funding Community Air Protection Incentives Projects

1. **Purpose.** Where feasible and supported by incentive program guidelines, air districts are encouraged to leverage CAP Incentives with other incentive program funds to maximize benefits. The CAP Incentives Guidelines specify requirements that apply when multiple funding sources are proposed to support a CAP Incentives eligible project. All co-funded projects must meet CAP Incentives project eligibility criteria in the guidelines and CCI Funding Guidelines applicable at the time of contract execution. There is no limit on the number of co-funding sources to fund a project as long as total project costs are not exceeded and the applicant cost share requirement is met.

2. **Designation of Non-CAP Incentives Funds.** Funds other than CAP Incentives may be used to co-fund CAP Incentives eligible projects, when all program criteria associated with each funding source are met. Funding sources are grouped into the following categories. Definitions of these categories can be found in Appendix D of the CAP Incentives Guidelines.

   (A) Federal funds.

   (B) State funds.

   (C) Local funds.

   (D) Penalty funds.

   (E) Other applied funds.

3. **Mitigation Funds.** Mitigation funds may be used to co-fund a CAP Incentives project if an air district submits a request for a case-by-case determination in accordance with Section P and receives CARB approval.

4. **Cost-effectiveness Calculation.** ~~Moyer funds, Moyer match funds,~~ CAP Incentives~~, and all AB 923 $2 Department of Motor Vehicles (DMV) Fees~~ are required to be included in a project's cost-effectiveness calculation. The non-CAP Incentives described above in Section G.2 are not required to be included in project cost-effectiveness calculations per sub-division (a) of Section 44287.2 of the H&SC ~~California Health and Safety Code~~.

5. **Applicant Cost Share.** An applicant that is not a public entity must provide at least 15 percent of a project's CAP Incentives eligible cost from non-public sources. The applicant cost share cannot be covered through in-kind contributions. Furthermore, this provision is adjusted for projects funded with CAP Incentives where the Maximum Percentage of Eligible Cost exceeds 85 percent. For example, a project with a Maximum Percentage of Eligible Cost of 90 percent would have a 10 percent Applicant Cost Share requirement.

   An air district may request approval ~~a case-by-case determination~~ from CARB to waive all or part of an applicant's cost share, in accordance with Section P. In its waiver request, an air district must identify the source(s) and amount(s) of the proposed project's funding and explain the reasons for the cost share waiver, discussing at a minimum either or both of the following factors:

   (A) The public benefit of the project that is above and beyond the emission reductions achieved.

   (B) How the project will advance newer and cleaner technology.

6. **Applicant Disclosure and Payment.** The sum of project funding from all sources may not exceed the total project cost. Applicants must disclose all sources of funding applied for at the time of the CAP Incentives project application, and again when submitting each invoice to the air district, prior to payment of CAP Incentives funds. An air district may not issue payment of CAP Incentives funds until all funding sources have been identified and verified and the air district can ensure that the sum of all incentive funds awarded to the project, along with required applicant cost share, does not exceed the total project cost.

7. **Reporting of Project Data.** For co-funded projects an air district will report in the Carl Moyer Program Clean Air Reporting Log (CARL) database consistent with the reporting requirements of Section H. The air district will also report other co-funding sources and funding amounts. When reporting project funding sources to the CARL database, air districts will categorize certain co-funding sources as specified below.

   (A) Funding from investor-owned utilities will be reported as "other applied funds," and funding from publicly owned utilities as "local funds."

   (B) Supplemental environmental project funds will be reported as "other applied funds."

(C) Funds from local transit agencies will be reported as "local funds."

H. Reporting

Twice a year, the air districts will report to CARB. Air districts will submit a Yearly Report in the fall and a Mid-Cycle Report in the spring. CARB will provide instructions for both reports. Subsequently, CARB staff will report into the California Climate Investments Reporting and Tracking System (CCIRTS). Air districts will complete, certify, and submit these reports by the dates specified in Table 3-1 below.

Reporting for CAP Incentives projects may be updated to reflect program changes and California Climate Investments reporting requirements. In the event of a conflict, the California Climate Investments reporting requirements will take precedence.

Table 3-1: Community Air Protection Incentives Reporting Dates

Date	Action
May 31	Mid-Cycle Report (Projects Nov 1 – April 30) due to CARB
June 30	CARB submits data to CCIRTS
November 29	Yearly Report (Projects May 1 – October 31) due to CARB
December 31	CARB submits data to CCIRTS

1. **Reporting in CARL.** Air districts will report project information in the CARL database, either via CARL forms or batch import, sufficient to populate the required data fields and to calculate covered emissions reductions and cost-effectiveness for source categories where required. The air district will ensure that information in CARL is complete, correct, and supported by documentation. At a minimum, the following must be completed:

   (A) Report interest earned on CAP Incentives in the past fiscal year using the *Report Interest & In-Kind Match Form*.

   (B) Indicate the project is CAP Incentives funded in the CARL database project form.

   (C) Select funding source "AB 617-CAP."

(D) Fill out the linked CARL database *CAP Incentives Administration Form* with all vehicle or equipment funded, including:

(1) Location information.

(2) Priority population identification, if applicable.

(3) Approach for identifying beneficial projects (e.g., outreach efforts, community-based organization letters, etc.).

(4) Project benefits (e.g., reduction of emissions, greater mobility, etc.).

2. **Program Level Reporting.** Air districts will report program level information in the *CAP Incentives Supplemental Document*. The program level report covers mobile sources and associated infrastructure for both Moyer and Proposition 1B Program projects, as well as stationary source and ~~Community Emissions Reduction Program~~ CERP projects funded with CAP Incentives. The Supplemental Document ~~(under development)~~ will collect the following information:

(A) Employments benefits and outcomes (jobs).

(B) Public transparency and outreach events (outreach).

3. **Reporting Cycle.** The reporting requirements for Mid-Cycle and Yearly Reports are outlined in Table 3-3. CARB will provide additional instructions about four weeks prior to report due dates. Other information may be requested due to changes in statute or guidelines.

(A) Mid-Cycle Report. Air districts will report project and program level information as described above in Sections H.1 and H.2, ~~with the exception of~~ except for earned interest, which is reported in the Yearly Report.

(B) Yearly Report. Air districts will follow mid-cycle reporting above, and ~~the~~ provide the information listed below.

(1) Output generated by the Required Reports utility of CARL database for the default years specified in the utility, if available.

(2) Contract execution and liquidation status for each grant year of CAP Incentives funds. Funds will be reported relative to the progress milestones identified in Section I below.

(3) CARB will maintain in CARL database appropriate progress tracking targets for each funding year. These funding targets will include the total funds required to meet contract execution and liquidation progress milestones. CARB will adjust progress tracking targets to account for the movement of funds into and out of an air district's account, including redirected funds and other changes agreed to in consultation with air districts. This includes:

a. The amount of any interest reported on CAP Incentives funds held in local accounts. An air district may choose to designate in the Yearly Report all or a portion of this interest for remittance to CARB.

b. Funds recaptured from liquidated projects, including funds provided back to the air district following CARB enforcement actions, identified by project name and funding year.

c. Non-grant revenue earned on their CAP Incentives funds, such as from the sale of scrapped engines or equipment.

(4) A list of any projects identified as nonperforming and a brief narrative of any related enforcement actions.

4. **Supplemental Reporting and Certification Form.** The air district APCO, Chief Financial Officer (CFO), and CAP Incentives administrator must sign and certify that the project and fiscal information contained within the Yearly Report is, to the best of their knowledge, accurate and complete. The APCO may also serve as the CAP Incentives administrator. The APCO may designate an alternate to the CFO if the designated alternate is someone other than the APCO or Program Administrator. The air district will maintain documents in support of the report at the air district office~~,~~ and make them available to CARB staff upon request.

5. **Project Eligibility.** Receipt of a Yearly Report by CARB does not imply CARB approval of project eligibility. Air district staff is responsible for project approval and funding eligibility determinations. Air districts that are found to have funded ineligible projects will be required to substitute eligible projects equal to the amount found ineligible or return the ineligible amount to CARB.

I. Yearly Progress Tracking

1. **Yearly Progress Milestones.** To support timely emissions reductions and track progress toward statutory fund liquidation requirements, air districts and CARB will work together to meet recommended progress milestones as follows. The first milestone is for an air district to have 50 percent of the awarded project funds under executed contract. The second milestone is for an air district to have 100 percent of the project funds under executed contract and 50 percent of project funds liquidated. The third and final milestone is for an air district to have 100 percent of project funds liquidated. Progress will be reported in Yearly Reports and monitored by CARB and air district staff in the months prior to the Yearly Report. CARB will determine exact milestone dates for each Yearly Report based on the applicable Legislative deadline given for each appropriation of CAP Incentives funds, and air districts will make every effort to achieve these milestones. As an example of progress milestone dates, Table 3-2 shows milestone dates for the CAP Incentives funds appropriated in fiscal years 2017-18 that had a liquidation deadline of three years.

Table 3-2: Example Milestone Dates for CAP Incentives Appropriated in Fiscal Year 2017-18

Milestone Number	Milestone	Date of Milestone
One	50% of project funds under executed contract	June 30, 2019
Two	100% of projects funds under executed contract and 50% of project funds liquidated	June 30, 2020
Three	100% of grant funds liquidated	June 30, 2021

2. **Cancelled Contracts.** Any funds associated with an engine, vehicle, equipment, or stationary source project item cancelled from a contract prior to the liquidation of the contract as a whole will no longer be considered executed beginning at the time of the cancellation.

3. **Follow-up Actions.** Progress milestones are advisory in nature. CARB liaisons and management will work with air districts that do not

demonstrate sufficient progress toward contract execution and project liquidation targets. When an air district cannot demonstrate that the second progress milestone has been met by the date set by CARB, the air district will append to the Yearly Report a progress statement. The statement will address the reasons for delays in executing contracts or completing payment for projects, and the schedule for follow-up actions. Such actions may include specific steps to improve progress or the redirection of funds to air districts better equipped to meet statutory liquidation deadlines.

J. Funding Year Liquidation

1. **Liquidation Requirement.** By June 30 of each year, air districts must have liquidated all CAP Incentives in accordance with liquidation deadlines established by the Legislature, or in accordance with any extended liquidation deadlines granted by CARB via amendment of any Grant Agreements, including recaptured funds and other funds added to the funding target for that year. For example, CAP Incentives appropriated in fiscal year 2017-18, which have a three-year liquidation deadline, must be fully liquidated by June 30, 2021. An air district may be able to resolve an apparent liquidation shortfall by modifying in the CARL database the funding years from which funds are assigned to projects.
2. **Liquidation Terms.** Project liquidation is demonstrated when all funded equipment in a project ~~are~~ is paid-in-full and post-inspected. Funding year liquidation is demonstrated when all funds assigned to a funding year have been paid out in full, ~~with the exception of~~ except for any withheld payments.
3. **Ongoing Maintenance Requirements.** Air districts must liquidate spending towards projects by the liquidation deadline in their Grant Agreement, which may vary depending on the fiscal year in which the funds are awarded. The grantee must continue to fulfill obligations including proper maintenance of their equipment through the duration of the project life.
4. **Data Completion.** Projects associated with liquidated funding years may not be revised in or removed from the CARL database after the funding year is liquidated, except in unusual circumstances following consultation with and written approval by CARB staff.

5. **Withheld Payments.** For completed projects for which all invoices have been paid except for a small amount withheld pending grantee reporting, both the paid funds and the withheld funds will be considered liquidated for the purpose of funding year liquidation. Withheld payment practices must be addressed in the project's contract and in the air district's Policies and Procedures ~~Manual~~. Withheld progress payments considered to be liquidated per this section that are not ultimately paid to the grantee due to nonperformance will be reported as recaptured funds.

K. Return and Reallocation of Funds

1. **Return of Unliquidated Funds.** If CARB staff identify a liquidation shortfall that cannot be resolved through reassignment of liquidated funds from more recent years, and the remaining unliquidated funds are not under executed contract, the air district must submit and CARB must receive a check for the shortfall amount by September 28 (~~i.e.,~~ 90 days after the June 30 liquidation deadline). CARB will provide instructions for the return of funds. No additional disbursements will be made to the air district until funds subject to return have been received by CARB.
2. **Return of Other Funds.** An air district choosing to remit to CARB all or a portion of earned interest or to return other funds, following consultation with CARB, may do so using a *Return of Funds Form* provided by CARB staff.
3. **Reallocation.** If state accounting practices permit it, CARB staff will add funds returned by air districts to the subsequent cycle of CAP Incentives funding.

L. Program Nonperformance

1. **Monitoring Nonperformance**. CARB monitors air district programs to ensure that participating air districts conduct their programs consistent with the criteria and guidelines established by the Board. Program nonperformance is an air district's non-compliance with program guidelines or statute that is not corrected by the air district in a timely or satisfactory fashion. CARB may become aware of possible air district nonperformance through Yearly and Mid-Cycle Reports, Incentives Program Review, air district self-reporting, or other means. Examples of

program non-compliance with program guidelines or statute include, but are not limited to, the following:

(A) Failure to show adherence to grant objectives described in the General Terms and Conditions of the Grant Agreement, including outreach requirements and meeting community funding targets.

(B) Failure to return unliquidated funds within 90 days of the liquidation deadline.

(C) Misuse of CAP Incentives, including funding of ineligible projects.

(D) Insufficient or improper program oversight and enforcement, including widespread deficiencies in project contracting, inspections, reviews, or audits.

(E) Insufficient, incomplete, or inaccurate project documentation.

(F) Failure to submit timely and accurate reports to CARB.

(G) Other non-compliance with program guidelines or statute.

2. **Nonperformance Procedures.** When CARB determines that an air district program is not complying with program guidelines, the CARB liaison and manager will work with air district staff to understand the issues~~,~~ and develop a plan and timeline to resolve them. If the CARB Branch Chief determines that the issues related to program nonperformance have not been resolved, CARB will send by email to the air district program contact a program nonperformance notification~~,~~ that contains the following:

(A) Description of the unresolved issues, including pertinent details such as names of involved persons and projects, dates, dollar amounts, and citations of relevant program guidelines sections, H&SC sections, and regulations.

(B) Possible solutions to the problem, if some have been identified, and/or an offer of CARB assistance.

(C) Arrangements for a possible meeting between the CARB Branch Chief and the air district APCO to agree on a plan and timeline for resolving the problem. The plan and timeline shall be recorded by the CARB air district liaison and emailed to the air district APCO within five business days of the meeting.

3. **Withholding of Funds by CARB.** Lacking satisfactory resolution of the issues that have resulted in the nonperformance notification, the CARB

Executive Officer will determine if the nonperformance warrants withholding funds that have been granted to the air district and not yet awarded to approved projects. If so, CARB will send a letter of program nonperformance to the air district APCO. The letter will set a public meeting to be held at the air district's offices (or other appropriate facility within the air district). The purpose of the meeting will be to consider public comments prior to withholding any funds.

M. Incentives Program Review

1. **Purpose.** CARB conducts Incentives Program Reviews to help ensure that air district programs achieved expected emission reductions and are implemented in a manner consistent with these CAP Incentives Guidelines, the Moyer Guidelines and CAP Supplement where applicable, and State law (~~H&SC~~ Health and Safety Code § 44291, 39500). CARB Incentives Program Reviews place emphasis on collaboration with the affected air district in the review process. Features of this approach include a joint initial review of project files, ongoing and regular communication with air district staff throughout the file review process, and where possible, an opportunity for air districts to correct problems prior to their inclusion as findings in the final report.
2. **Scale of Review.** CARB uses a risk-based approach to select specific air district programs and projects to review, and to select fiscal years within the scope of each review. Air districts are selected for Incentive Program Review based on identified need or with consideration of program funding amount. An Incentives Program Review ~~CAP incentives review~~ at a selected air district may coincide with review of other State incentive programs at the same time.
3. **Fiscal Compliance Audits.** CARB may also contract with independent auditors including the California Department of Finance's Office of State Audits and Evaluations or the State Controller's Office to conduct audits of CAP Incentives Program fiscal compliance. The independent auditors will conduct these audits in accordance with the Generally Accepted Government Auditing Standards~~,~~ and will prepare reports on the results of the audits including any findings. CARB retains final authority with respect to corrective measures and follow-up, in consultation with the air district.
4. **CARB Responsibilities.** CARB will conduct Incentive Program Reviews in a manner that reflects its entrusted accountability and responsibilities.

(A) CARB will generally define the scope of the CAP Incentives funds, to cover the years not covered in the previous review. The scope of years within review may vary among incentive programs. Once a funding year is reviewed, CARB will not review it again unless warranted. CARB reserves the authority to investigate possible fraud or misuse of funds in any program year.

(B) CARB will maintain open channels of communication with the air district during the review. CARB will fully explain the review's scope and procedure at the beginning of the process, discuss preferred channels of communication with the air district, inform the air district of potential issues as they unfold, provide full and ongoing opportunity for air district input, provide the air district opportunities to correct problems that arise during the review process, thoroughly discuss any findings and recommendations with the air district before and during the exit interview, and provide the air district an opportunity to formally respond to the Incentives Program Review report.

(C) To ensure objectivity and predictability, CARB will base its findings and recommendations on State law, applicable guidelines and mail-outs, Grant Agreements, email communications between CARB and the air district, the air district's Policies and Procedures ~~Manual~~, case-by-case determinations, and the air district's local requirements.

(D) All Incentives Program Review reports, air district responses, and related documents shall be made available to the public via posting on CARB's website.

(E) CARB will conduct follow-up activities to ensure any deficiencies remaining following review are promptly and effectively mitigated. CARB will offer its assistance to air districts working to correct deficiencies.

5. **Air District Responsibilities.** Air district staff and management will participate in entrance and exit interviews, support collaborative review and open communication with CARB staff, ensure that program files and other requested information are available to CARB review staff and the Fiscal Auditor, work to fully and promptly mitigate deficiencies identified during the review, work to resolve any disagreements, and request assistance from CARB as necessary.

N. Requirements for Project Applications

1. **Data Required for CARL database.** Project applications must include the information needed for calculation of project cost-effectiveness, including project location information that is needed to complete the Community Air Protection administration form in the CARL database. For community-identified or other stationary source Project Plans developed as per Chapters 6 or 7, refer to the specific approved Project Plan for additional requirements.

2. **Existing Engine Usage.** As applicable, project applications must include documentation of existing engine usage, such as miles traveled, hours operated, or fuel consumed per year, for 24 months or as specified in the Moyer Guidelines and/or CAP Incentives Guidelines by source category. This information will be used to evaluate project cost-effectiveness and maximum grant award amounts where applicable.

3. **Active Duty Military Applicants.** If an applicant has been on active military duty at any time during the previous 24 months, documentation prior to deployment and covering the same length of time as the deployment period may be used to meet the title, registration, usage, and operation in California requirements as applicable for each source category. The applicant must submit a copy of *DD Form 214, Certificate of Release or Discharge from Active Duty* to verify military service during the deployment period.

4. **Third-Party Signature.** Applications must include a signature and date section for third parties. A third party may complete an application or part of an application on an owner's behalf if the vehicle, engine, or equipment owner signs and dates the application.

5. **Applicant Certification.** Project applications must include language informing the applicant that by signing and submitting the application, the applicant certifies under penalty of perjury that the information in the application is accurate and true. In addition, the application must include the following statements that the applicant or the applicant's designee must certify as accurate and true:

   (A) A disclosure statement consistent with Section G.6 of this chapter, specifying whether the applicant has ~~submitted an application~~ applied for incentive funds to any other entity or program for the same equipment (for example, repowering of the same engine). The applicant must disclose to whom other applications were

submitted, whether funds have been awarded or may be awarded, and the amount or potential amount of other funding.

(B) A regulatory compliance statement certifying that the applicant is currently in compliance with all federal, State, and local air quality rules and regulations at time of application submittal~~,~~ and is not aware of any outstanding or pending enforcement actions.

6. **Applicant Non-Disclosure.** An applicant who is found to have applied for or received incentive funds from another entity or program for the same project without disclosing that information, as required by the guidelines applicable to the project, shall be disqualified from funding for that project from all sources within the control of an air district or CARB. The air district or CARB may also seek civil penalties for such non-disclosure.

7. **Subsequent Applications.** An applicant may reapply for project funding if a previous application for the same project has been rejected by the air district and is no longer being considered for funding.

O. Application Evaluation and Project Selection

1. **Review for Completeness.** Air districts must review all applications for completeness upon receipt and notify an applicant within 30 working days of receipt if the application is not complete. The air district must make every effort to clearly state to the applicant what is required to make the application complete. The air district should keep the application and all correspondence with the applicant ~~should be kept~~ in the applicant's project file. Additionally, the record of each project's rating and ranking as applicable, especially with regards to criteria that increase equity and transparency, receipt date, and other project selection criteria must be maintained with the project file.

2. **Credibility.** Air districts are responsible for determining that project applications are credible, made in good faith, ~~and in compliance with~~ follow applicable guidelines for the project, and can be evaluated in an equitable and transparent manner.

3. **Eligibility.** Air districts must ensure that the emissions reductions provided by selected projects are eligible and in excess of adopted regulations and other legal requirements. This should include verifying that the project meets the minimum requirements in the appropriate source category chapter, including:

(A) Documentation of historical vehicle, equipment, or engine usage.

(B) Documentation of project costs.

(C) Engine or retrofit device Executive Orders, if applicable.

(D) Proof of a vehicle compliance check as needed for Moyer Program on-road projects or other categories as applicable, based on relevant rules and regulations.

(E) Other documentation identified in the source category chapter.

4. **Application Tracking.** Air districts must have a system for tracking applications. The CARL database may be used to satisfy this requirement if an air district enters the data from all applications received into this database, whether the application is provided funding or not. Air districts not using CARL database will track the information needed to populate required CARL data fields. A tracking system is not required for air districts receiving under ~~one-half~~ 0.5 percent of the current fiscal year total CAP Incentives, or $1,000,000, whichever is less. CARB retains the right to request air districts implement additional tracking methods outside of the CARL database for certain projects, for example via an Excel spreadsheet.

5. **Project Selection.** After reviewing applications for project eligibility, the air district must follow Grant Agreement requirements and its Policies and Procedures ~~Manual~~, including provisions to ensure engagement of community members and, if applicable, Community Steering Committees, in selecting projects. Projects approved for funding must meet all applicable guideline requirements.

6. **Project Evaluation.** An air district must ensure each project selected for CAP Incentives funding meets any emissions reduction and or cost-effectiveness requirements that apply. In cases where the CARL database indicates these requirements are not met, an air district representative must contact ~~his or her~~ CARB ~~liaison~~ to re-evaluate project eligibility.

7. **Recordkeeping.** The air district must maintain a file for each project selected for funding. Files may be retained in an electronic format if complete and easily accessible. Unless otherwise specified by source category or in Section F.8, project files must be retained three years following the end of the contract term. In the event final payment has not been issued prior to the end of the contract term, the three-year clock is re-started upon final payment. Applications for unfunded projects must generally be kept for a minimum of two years following the solicitation

period, or two years from receipt if there is not a specified solicitation period. NOTE: Clean truck projects funded under Proposition 1B Program Guidelines may have separate and more stringent records retention requirements.

8. **Subsequent Application and Double-Counting.** CAP Incentives participants that received funding and that are still under contract may not apply for funding for the same project from CAP Incentives, Moyer Program ~~funds~~, ~~from the~~ or Proposition 1B Program funds, or funds from any other program.

   (A) If an air district chooses to amend a contract to reduce the term, the amended project must be cost-effective during the reduced contract term, based on the cost-effectiveness values and limit that applied when the original contract was executed. If an air district agrees to accept a prorated repayment of the CAP Incentives grant, the repayment and amended contract execution must both occur prior to the execution of any new contract for funding.

   (B) Emissions reductions from previously funded projects must not be included as emissions benefits for any subsequent project for the CAP Incentives, the Moyer Program, the Proposition 1B Program or any other program.

P. Case-by-Case Determination Process

1. **Limitations.** CARB (Incentives and Technology Advancement Branch) staff may approve on a case-by-case basis a project that varies from specific requirements of applicable guidelines only if CARB staff determines that such approval will not adversely affect achievement of the Community Air Protection Program objectives to reduce criteria air pollutant emissions and community–specific air toxic contaminants. Case-by-case approvals also may not result in an exceedance of the applicable cost-effectiveness limit, reduce program transparency, or cause a violation of law or regulation. Air districts are required to request a case-by-case determination even if they believe a project is similar to previously approved case-by-case projects.

2. **Procedure.** An air district may request CARB review of the project for a case-by-case determination using the procedure below. After receipt of all information needed, CARB will respond to the air district within

15 business days with a determination or estimated date of determination.

(A) The air district will submit the following to the Moyer Program/CAP Incentives air district liaison:

(1) A summary of the request, with reference(s) to the pertinent area(s) of the Moyer Guidelines and/or CAP Incentives Guidelines for which the air district is asking for additional guidance and approval.

(2) Documents containing information essential to the determination, including but not limited to: baseline and new engine information; the associated CARB engine Executive Orders and/or United States Environmental Protection Agency (U.S. EPA) Certificates of Conformity for baseline and new engines; other related applicant information from a completed application.

(3) Information regarding how the proposed project benefits priority populations.

(4) Other information and documents as requested by CAP Incentives staff and/or Moyer Program source category staff.

(B) CARB will make one of the following determinations:

(1) Approved. Approval of a project does not imply or equate to "blanket approval" of other similar projects.

(2) Not Approved. Non-approval of a project does not imply or equate to "blanket non-approval" of other similar projects.

(3) No Action/Case-by-Case Approval Not Required: CARB evaluation concludes that a case-by-case determination is not required if the request already conforms to the requirements or intent of the applicable guidelines.

3. **Public Availability and Recordkeeping.** CARB will post on its website all case-by-case determinations submitted for review and approval. Projects funded with CAP Incentives will be noted. Air districts will keep a copy of the determination, either approved or not approved, in the project file.

4. **After Contract Execution.** Air districts should always attempt to request a case-by-case determination prior to contract execution. CARB will

consider requests for case-by-case determination ~~subsequent to~~ after contract execution only when an unforeseen event leads to a project or program element that varies from the requirements of these CAP Incentives Guidelines.

Q. Minimum Contract Requirements

1. **General Requirements.** Air districts participating in the CAP Incentives must execute contracts with prospective grantees who will receive CAP Incentives. All CAP Incentives project contracts must include the elements described in this section. Projects funded with CAP Incentives may not be used to generate a compliance extension or credit for regulatory compliance. All executed project contracts and contract amendments must be kept in the air district's project files.

2. **Party Names and Date.** All contracts must state the name of the air district and the grantee as parties to the contract. Contracts must include signature blocks with an area for the dates the contract is signed, or the execution date must otherwise be clearly indicated in the contract. If a digital signature is used in lieu of the original signature, the digital signature must comply with California Government Code Section 16.5, Title 2, California Code of Regulations, Sections 22000–22005.

3. **Notices.** All contracts must include contact information for ~~both~~ all parties involved in ~~to~~ the contract, including how to send and receive notices.

4. **Funds from Other Sources:**

   (A) Grantees must certify that they have disclosed all funding sources that they have applied for or received for a project, and that the grantee will notify the air district of additional sources of funding received for the total cost of the project, including any sources that become available after contract execution.

   (B) Grantees that co-fund a project must meet all criteria associated with each funding source used to fund the project. For additional information on co-funding see Section G.

   (C) Except as specified in applicable guidelines for a project, a grantee that is not a public entity must provide at least 15 percent of a project's CAP Incentives eligible costs from non-public sources (see Section G). The contract must prohibit the grantee

from receiving grants and other funds that exceed the total project cost.

(D) A grantee may receive CAP Incentives funds from multiple air districts for the same project if these entities are coordinating to jointly fund portions of the project. The contract must list the entities involved and funding provided.

5. **Contract Term.** All contracts must specify the term of the contract. The contract term shall include two timeframes – "project completion" and "project implementation" – to ensure that the air district and CARB can fully enforce the contract during the life of the CAP Incentives funded project.

(A) Project Completion. Project completion is the timeframe starting with the date of execution of the contract to the date the project post-inspection confirms that the project has become operational. This includes the time period when an engine, equipment, or vehicle is ordered, delivered, and installed. The contract must include a specified timeframe in which project completion will occur so that the contract is liquidated in accordance with liquidation deadlines established by the Legislature or as extended by CARB via amendment to an air district's CAP Incentives Grant Agreement. Under no circumstances may the liquidation date be extended beyond ~~the~~ liquidation deadlines included in CAP Incentives Grant Agreements ~~established by the Legislature~~.

(B) Project Implementation. The project implementation timeframe is the second part of the contract term, and must equal the project life used in the project cost-effectiveness calculation. The contract must specify that the grantee is required to operate and maintain their CAP Incentives funded project according to the terms of the contract for the full project implementation period.

6. **Project Specifications.** All contracts must include detailed information on the baseline and new vehicles, mobile equipment, stationary equipment, ~~and/or~~ engines that were used in the project cost-effectiveness calculation, and/or other quantifiable benefits as applicable. This requirement may be met by including the project application as an attachment to the contract as long as the application is accurate and complete.

(A) An eligible replacement vehicle, mobile equipment, stationary equipment, and/or engine that is verified or certified to achieve equivalent or greater reductions than the original project replacement vehicle, equipment and/or engine, in the same location as the original project replacement vehicle, equipment, and/or engine, may be substituted with prior approval of the air district.

(B) If applicable, at least 24 months of documented and verified historic usage is required for the baseline engine, such as miles traveled, hours operated, or fuel consumed, and in this case, usage is not required to be in the contract. If this information is not available, the air district may estimate the usage for the old engine consistent with methods outlined in their Policies and Procedures and the estimated usage must be included in the contract.

(1) The types of acceptable documentation for establishing historical annual usage will be clearly defined in each air district's Policies and Procedures ~~Manual~~ and will be subject to CARB approval.

(2) Additional forms of documentation to verify historical annual usage that are not included in an air district's Policies and Procedures ~~Manual~~ can be evaluated and approved by CARB on a case-by-case basis.

(C) For stationary source project contract requirements, refer to the applicable source category chapter for more detailed information. Requirements may differ from those applicable to mobile sources.

(D) Contracts must also contain a statement that the project complies with all applicable guidelines and that the grantee will meet the following requirements:

(1) Certify that the grantee's fleet, engine(s), equipment/vehicle, or stationary source is in compliance with all applicable federal, State, and local air quality rules and regulations at time of contract execution.

(2) Maintain compliance with all applicable federal, State, and local air quality rules and regulations for the full contract term.

(3) For repower projects, the installation of the engine must be completed in a manner such that it does not void the engine warranty provided by the manufacturer and any remaining warranty provided by the equipment/vehicle manufacturer.

(E) Contracts must specify the following:

(1) Projects funded with CAP Incentives funds must be included when defining the size of the fleet for determining regulatory requirements.

(2) Throughout the contract term, projects funded ~~with~~ by CAP Incentives must not be used to generate credits or compliance extensions~~,~~ and must be excluded when determining regulatory compliance.

7. **Maintenance.** All contracts must require the grantee to maintain the vehicle, equipment, engine, and/or funded infrastructure according to the manufacturer's specifications for the life of the project~~,~~ and include a prohibition on engine tampering. The grantee must maintain a working hour meter for projects that use hours of operation as a means of calculating emissions reductions and cost-effectiveness. If the hour meter fails, the grantee must immediately notify the air district, and remain responsible for validating any hours not recorded by the hour meter. The grantee must either repair or replace the non-operating meter or provide other documentation of equipment operating hours acceptable to the air district.

8. **Payment.** Before a CAP Incentives payment may be made to a project participant, the project contract must be executed, an eligible invoice must be received by the air district, and the project post-inspection must be successfully completed to document the completion of the work specified in the invoice. The equipment must be operational before the final payment is issued. All contracts must include the following payment terms:

(A) Maximum Contract Amount. The maximum contract amount must not exceed the maximum funding level corresponding to the current program cost-effectiveness limit, if applicable, nor may the maximum contract amount exceed the project incremental cost, if applicable. The maximum contract amount must also comply with any funding caps and other criteria for the specific project

category as identified in these CAP Incentives Guidelines or the relevant Project Plan, in the case of categories created by air districts as per Chapters 6 or 7.

(B) Itemized Invoices. Payment terms must require itemized invoices from the engine or equipment supplier for repowers and infrastructure projects, paid invoices from the vehicle owner for new vehicles, and satisfactory post-inspection by the air district prior to payment of the owner's invoice. An invoice payment for a specific vehicle, engine, or piece of equipment may not exceed the amount indicated on the project contract for that vehicle, engine, or equipment. The contract should be clear that the air district will pay the lower of the contract amount or the final invoice amount. Invoices must meet the minimum requirements of Section T to be eligible for CAP Incentives.

9. **Reporting.** All contracts must include a provision for grantees to submit annual reports commencing no later than 18 months after project post-inspection and continuing annually thereafter throughout the project implementation phase of the contract. The air district must include the dates the grantee Annual Report is due.

(A) During the project implementation phase, the air district is responsible for monitoring the project to assure ~~the project~~ it is fully operational and that the project emissions reductions and other benefits are realized.

(B) The contract must inform the grantee that noncompliance with the reporting requirements will require on-site monitoring or inspection(s).

10. **On-Site Inspections, Audits and Records.** All contracts must include language that allows the air district, CARB, or their designee to conduct an inspection or audit of the project, including stationary source projects, engine, vehicle, or equipment and associated records, or other relevant details relating to a Project Plan developed per Chapters 6 or 7, during the contract term. Contracts must also require the owner to maintain and retain usage and other records associated with the project for at least three years after the end of the contract term.

11. **Repercussions for Nonperformance.** Air districts must include repercussions for non-compliance with the obligations of the contract.

(A) The contract must specify that by executing the contract, the grantee understands and agrees to use the vehicle, mobile equipment, stationary equipment, and/or engine, according to the terms of the contract and to cooperate with the air district and CARB in implementation, monitoring, enforcement, and other efforts to assure the emissions benefits are impactful to the needs of the communities in which the vehicle or equipment will operate, and that the project is responsive to identified community priorities and guidance.

(B) The contract must describe the repercussions to the grantee for noncompliance with contract requirements, including but not limited to, cancelling the contract and recapturing project funds in proportion to any loss of emissions reductions or underutilization as agreed to in the contract.

(C) The contract must inform the grantee that CARB and the air district have the authority to seek any remedies available under the law for noncompliance with CAP Incentives requirements and nonperformance with the contract.

(D) The contract must state that CARB, as an intended third-party beneficiary, reserves the right to enforce the terms of the contract at any time during the contract term to ensure emissions reductions are obtained.

R. Project Pre-Inspection

1. **Requirements.** Upon confirming a project's eligibility, the air district must complete a pre-inspection prior to contract execution, except as specified in this section.

   (A) All projects must be pre-inspected personally by air district staff, except that air districts may choose, at CARB discretion, to allow public agencies (e.g., public works departments, transit organizations, and school districts) to provide documentation of the engine(s), equipment, and usage in lieu of a pre-inspection.

   (B) Air districts receiving less than ~~one-half of one~~ 0.5 percent of the current fiscal year total of CAP Incentives funds, or $1,000,000, whichever is less, may reduce their required project pre-inspections to a minimum of 25 percent of the total number of projects associated with the current fiscal year funds. However, at

least one project must be selected for review from each source category.

2. **Documentation.** The pre-inspection form and information to be documented must include, at a minimum, the following:

   (A) Information regarding the baseline engine, vehicle, or equipment as needed to uniquely identify, establish eligibility, provide a basis for emissions calculations, populate the CARL database, and ensure contract enforceability. Such information includes (as applicable) make, model, year, horsepower, fuel type, engine family, engine tier, serial number, vehicle identification number (VIN), and any additional information pertinent to the project. Engines, or other equipment as applicable, without a visible and legible serial number must be uniquely identified by having the engine block stamped with a unique CAP Incentives number or alternative permanent marking such as an engine tag. For stationary source projects refer to the specific source category chapter for information requirements. For community-identified or other stationary source Project Plans developed as per Chapter 6 or 7, refer to the specific approved Project Plan for information requirements.

   (B) The project usage (hours or miles) meter reading if used in the project cost-effectiveness calculation. The inspector must verify that stated project usage is reasonable given the usage meter reading.

   (C) Verification that the engine, or equipment as applicable, is operational (with a start-up) and that the engine is working as described in the application (document function and use).

   (D) Photo documentation of the engine, vehicle, or equipment information. The photos must include the legible serial number of the engine (if available) and/or any other identifying markings. For stationary source projects, refer to the source category chapter for photo documentation requirements. For community-identified or other stationary source Project Plans developed as per Chapter 6 or 7, refer to the specific approved Project Plan for additional photo documentation requirements.

   (E) Other relevant information including, but not limited to:

      (1) Name of inspector.

(2) Date of inspection.

(3) Name and contact information of engine or equipment owner.

(4) Location and area of operation of the engine or equipment.

(5) For Project Plans developed as per Chapter 6 or 7, refer to the specific approved Project Plan for other relevant information to include.

3. **Compliance Certification.** No later than the time of pre-inspection the air district must obtain certification and submission of supporting documentation from the applicant that their engine(s), vehicle/equipment, or project fleet is currently in compliance with the applicable rules or regulations affecting the engine(s)~~,~~ or vehicle/equipment for which they are requesting funding.

4. **Recordkeeping.** The air district must maintain a hard copy of the completed pre-inspection form in the air district's project file.

5. **Inspection after Contract Execution.** The project pre-inspection must be completed prior to a project contract execution and the information in the contract must be consistent with the information gathered during the pre-inspection. An air district may apply to CARB for approval to conduct pre-inspections after contract execution only on a case-by-case basis. Case-by-case approval of such a procedure will depend upon the following conditions being met:

   (A) The air district describes the program benefits it would achieve by conducting pre-inspections after contract signature.

   (B) The project contract includes language to indicate contract terms may be adjusted or the contract may be deemed void based upon information collected during the pre-inspection. The air district must also include a process for informing the prospective grantee of such.

   (C) The air district's Policies and Procedures ~~Manual~~ clearly specifies the process for conducting pre-inspections after contract execution and any additional procedures enacted to ensure the project achieves emissions reductions in excess of those otherwise required by law or regulation. Work on the project engine, vehicle, or equipment may not commence until after the pre-inspection.

S. Project Post-Inspection

1. **Requirement.** An air district must gather and document post-inspection information on all projects funded with CAP Incentives. For post-inspection of infrastructure projects, see Chapter 10 of the Moyer Guidelines for further guidance. For stationary source projects, refer to the applicable guidelines source category chapter.

   (A) The air district will conduct a post-inspection after it receives an invoice for a project from the grantee or otherwise receives notice the project is complete. Information on the invoice must be consistent with the information gathered at the post-inspection. If the post-inspection occurs before the air district receives the project invoice, the invoice must be reviewed for consistency with the new engine, vehicle, equipment information, stationary source project scope, or from the post-inspection form.

   (B) When 20 or more vehicles are included in a vehicle replacement project or a public fleet or transit agency project, the air district is not required to post-inspect each replacement vehicle~~,~~ but must inspect no fewer than ~~five~~ 5 percent of the vehicles included in the project.

   (C) The inspector must record, at a minimum, information regarding the new project engines, vehicles/equipment, and retrofit devices as needed to uniquely identify, establish eligibility, provide a basis for emissions calculations, and ensure contract enforceability. Information sufficient to populate all required fields in CARL database must be recorded. Submersible pump inspections may have the applicant take a picture of the motor name plate information including, make, model, and serial number prior to installation inside the irrigation well. The air district will verify the make, model, and horsepower rating information with the project invoice.

   (D) The engine must be operational in the equipment or vehicle as stated in the contract. The inspector must visually witness all engine startups and operation of all mobile projects.

   (E) The engine, vehicle/equipment, and retrofit information must be documented with photos. The photos must include the serial number of the engine or retrofit (if legible) and/or any other

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identifying markings. Photos of the scrapped or destroyed engine and equipment must be included.

(F) The post-inspection form must also contain other relevant information including, but not limited to:

(1) Name of inspector.

(2) Date of inspection.

(3) Name and contact information of engine or equipment owner.

(4) Location of the engine or equipment.

(G) The air district must maintain a hard copy of the completed post-inspection form in the air district's project file.

2. **Equipment Labels.** Post-inspection of a retrofit device requires the collection of additional information from the labels affixed on both the retrofit device and the engine. If the proper labels are missing, payment may not be made until this is corrected. Potential scenarios are summarized below, which air district staff must address prior to payment:

(A) The retrofit device is properly labeled but the engine lacks a label: An engine label should be readily obtainable from the retrofit manufacturer by reference to the serial number. The air district may make payment once the grantee has been informed that the engine must also be labeled.

(B) The retrofit device is labeled but the label does not have the required items: The air district may make payment once it gets approval from CARB regarding an approved alternate label or a compliant label has been installed on the retrofit device.

(C) The engine is properly labeled but the retrofit device lacks a label: The air district may make payment once a compliant label has been installed on the retrofit device.

(D) No label is found on either the engine or the retrofit device: The air district may make payment once a compliant label has been installed on both the engine and the retrofit device.

3. **Electric Motors.** Post-inspection of a new electric motor on an agricultural pump must also include recording of the serial number of the variable frequency device if the project includes one.

4. **Verification of Destruction.** If required, the air district must verify that the existing (baseline) engine and/or equipment is destroyed and rendered permanently unusable and irreparable, consistent with requirements in applicable guideline source category chapters and with the air district Policies and Procedures ~~Manual~~.

   (A) Air district staff must verify and document through photographic or video evidence that the destroyed engine serial number matches that on the project contract.

   (B) Air district staff must verify that engines without a visible and legible serial number are uniquely identified by the correct air district stamp or other permanent marking prior to engine destruction.

5. **Consistency with Contract.** The air district must verify that the information collected in the post-inspection is consistent with the project contract.

T. Project Invoice and Payment

1. **Prior to Payment.** ~~Except as specified below,~~ An air district will make payment for a project or equipment only after air district post-inspection finds the project or equipment in place and operational, and the air district receives an invoice itemized in sufficient detail to ensure that only completed and eligible project costs are reimbursed, and other sources and amounts of funding for the project are reviewed to ensure the sum of all project funds does not exceed the total project cost (per Section G).

2. ~~Exceptions are limited to~~ **Progress or Partial Payments.** In cases where the grantee provides the air district with sufficient evidence of completing milestones specified in the contract, consistent with conditions specified in the air district's Policies and Procedures ~~Manual~~. The air district must maintain a clear record of progress payments in the project file and in records of the air district administration or fiscal unit. Progress payments include final payments that are withheld until all reporting requirements are met (also known as "withheld payments").

3. **Eligible Costs.** Equipment and parts on engine repower or retrofit projects are eligible for funding only if they are required to ensure the effective installation and functioning of the new engine or retrofit~~,~~ and are not part of typical vehicle or equipment maintenance or repair. Taxes

and the installation and transport costs for eligible hardware are eligible for funding at the air district's discretion. For labor expenses paid, the invoice must detail the number of hours charged and the hourly wage. See source category chapters for additional specification of eligible costs.

4. **Ineligible Costs.** Ineligible repower costs include tires, axles, paint, brakes, and mufflers. See source category chapters for additional specification of ineligible costs.

5. **Limitations on Applicant Action before Air District Approval.** An applicant may not order or make a down payment on a new engine, piece of equipment, or vehicle prior to contract execution or approval by the air district governing board or board designee. Dealers ordering engines, equipment, or vehicles prior to air district approval of grant application awards assume all financial risk and are in no way ensured program funds. A grantee may not receive engines, equipment, or vehicles, nor begin work on a repower or retrofit project until the project contract is fully executed, unless the air district has provided the potential grantee with written notification that any work performed is not guaranteed funding until a contract is executed. For infrastructure projects, discretionary costs may be accrued by an applicant prior to contract execution, but such costs are not reimbursable until after contract execution.

6. **Invoice Procedures.** The air district will maintain copies of all invoices and documentation of payment in the project file or otherwise keep copies available on-site at the air district office. Invoices received after the project post-inspection has been completed must be evaluated for consistency with the information gathered during the project post-inspection. Additional project invoicing requirements may also be included in the source category chapters of these CAP Incentives Guidelines.

7. **On-Road Compliance Checks.** For on-road and emergency vehicle projects as applicable, should a compliance check indicate that there is an outstanding violation with any vehicle in the applicant's fleet, no payment shall be made until the applicant provides proof to the air district that each violation has been corrected and each fine has been paid.

8. **Regulatory Compliance.** Where a contract requires a grantee to demonstrate that specific regulatory compliance requirements have been

met in order to receive funding ~~(such as engines subject to the Portable Equipment Airborne Toxic Control Measure)~~, air districts may not pay invoices until the grantee has provided documentation that the requirements have been met. A project participant may demonstrate this via a detailed letter signed by the vehicle or equipment owner or legal representative or, if the regulation requires CARB (or the air district) to certify compliance, through CARB (or air district) certification. For more information, see the associated source category chapter. Air districts are not to be held liable if a grantee falsifies this documentation.

9. **Payment Recipients.** Payments typically will be made directly to the grantee. Payments may be made directly to a dealer or distributor only if such payment arrangements are specified in the contract.

U. Grantee Annual Reporting

1. **Requirement.** Air districts will require all grantees to submit annual reports within 18 months of the project post-inspection and annually thereafter for the term of the contract.

2. **Report Format.** The air district will prescribe a format for the project annual report, to include the following information:

   (A) Grantee name, address, and telephone number.

   (B) Information needed to uniquely identify the project engine, vehicle, or equipment, such as engine make, model, horsepower, and serial number.

   (C) Estimated percentage of time the vehicle or equipment has been operated in California since the previous annual report.

   (D) Readings of the relevant usage device (e.g., hour meter, odometer, or electronic monitoring unit).

   (E) Except for projects in which usage is not required to be specified in the contract (as allowed per Section Q.6.(B)(1) above), if usage is more than 30 percent below that identified in the project application, the grantee must describe any conditions that are likely to have affected project usage, such as weather, permits, or major maintenance. In instances where annual usage is significantly lower than the contracted level due to unforeseen circumstances beyond the control of the grantee, the grantee may request a waiver from the air district per Section W.3.

3. **Air District Review.** The air district will review the annual report for completeness, accuracy, and reported usage, and will maintain in the project file a copy of the report that is initialed and dated by the reviewing staff. An air district choosing an alternative method to indicate its review and approval of annual reports will specify the method in its Policies and Procedures ~~Manual~~.

4. **Unsatisfactory Reporting.** If an annual report is incomplete, inaccurate or not received from the grantee on schedule, the air district will make a reasonable attempt to obtain a complete and accurate report from the grantee. If the air district is unable to obtain the report, the air district will identify the project for audit as described in Section V below.

5. **Subsequent Grants.** Grantees that have not submitted complete required reports will not be granted funds for new CAP Incentives projects until all reports are satisfactorily submitted.

V. Air District Audit of Projects

1. **Requirement.** The air district will conduct audits of projects funded with CAP Incentives. On an annual basis these audits will include ~~five~~ 5 percent of active projects or 20 active projects (whichever is less). Air districts will also conduct audits of projects funded through Project Plans developed per Chapters 6 or 7, or that are otherwise specifically included as part of a CERP ~~Community Emissions Reduction Program~~; ~~five~~ 5 percent of active projects or 20 active projects (whichever is less). These conducted audits are to include any projects with unsatisfactory annual reporting as described in Section U.4.

2. **Project Inspection.** Audits must be completed by air district staff and will at a minimum include an inspection that verifies that the engines, equipment, and emissions control devices paid for are still owned by the grantee named in the contract, are still operational in the same equipment, and meet the mileage, fuel usage, ~~or~~ hours of operation, or any other methods for establishing usage indicated in the criteria for the relevant source category indicated in the executed contract. This must be performed by checking the serial number of the engine; witnessing the operation of the engine; and checking the usage meter or fuel receipts.

3. **Multiple Equipment.** For the audit of projects with multiple equipment or engines, air districts must meet the following requirements:

(A) For ~~Audits of multiple equipment or engine~~ projects ~~of~~ with up to 25 pieces of equipment, audits must include inspection of at least two pieces of equipment.

(B) For ~~and multiple equipment or engine~~ projects ~~of~~ with over 25 pieces of equipment, audits must include inspection of at least five pieces of equipment.

W. Nonperforming Projects

1. **Requirement.** The air district will work with nonperforming project grantees, as well as relevant Community Steering Committees, if applicable, to ensure CAP Incentives project requirements are met and emissions reductions and other project benefits are achieved, consistent with procedures outlined in the air district Policies and Procedures ~~Manual~~. Air districts may consider unforeseen circumstances beyond the grantee's control in determining repercussions for nonperformance.

2. **Recapturing Funds.** When an air district is not successful in gaining grantee compliance with the usage and program requirements specified in a contract, the air district will make all reasonable efforts to recapture CAP Incentives from the grantee, in consultation with CARB, and relevant Community Steering Committees, if applicable. Recaptured funds will be reassigned to projects that achieve the shortfall in emissions reductions or usage. The air district's efforts to recapture funds may be guided by circumstances such as suspected or actual fraud or misuse of funds, the amount of CAP Incentives involved, guidance from relevant Community Steering Committees, or the ability of the grantee to repay the funds.

3. **Usage Threshold and Waiver Procedure.** The air district must take appropriate action to ensure emissions reductions are realized for engines, equipment, vehicles, or fleets, as well as usage for infrastructure projects. Except for projects in which usage is not required to be specified in the contract (as allowed per Section Q.6.(B)), when average usage over a three-year period for a contracted engine, piece of equipment, ~~or~~ vehicle, or fleet is less than 70 percent of the activity required in the contract, the air district may choose, but is not limited to choosing, the options below to address the underutilization. In cases of projects which may have a contracted project life of less than ~~three~~ 3 years, the same activity threshold of less than 70 percent applies, averaged over the project life.

(A) Extend the project contract for additional years (precluding overlap with the requirements of an applicable rule or regulation ~~implementation requirement~~).

(B) Return funds in proportion to the loss in emissions reductions.

(C) Transfer ownership of the engine, vehicle, or equipment to another entity committed to complying with the contract terms.

(D) Recalculate a project's cost-effectiveness based on the reported decrease in usage. Based on this recalculation, if the project is still below the cost-effectiveness limit, consistent with the limit and methodology in effect on the date of contract execution and prior to the end of the contract, the air district must continue to monitor the project over the next year to determine if additional actions are necessary (this option does not apply to infrastructure projects or other kinds of projects not subject to a cost-effectiveness limit).

(E) Grant a usage waiver, without penalty, to the grantee for a defined time period. The grantee must demonstrate to the air district's satisfaction that the engine, vehicle, or equipment is not being underutilized in favor of operating other, higher-polluting equipment, and that the underutilization was due to unforeseen conditions beyond the grantee's control.

(1) The conditions under which a waiver may be issued include, but are not limited to, the following:

a. A decrease in usage due to economic recession.

b. Unforeseen fluctuations in water allocations or pumping needs for agricultural irrigation pump engines.

c. Significant land fallowing for off-road agricultural equipment and agricultural irrigation pump engines.

(2) To be considered for a waiver, the grantee must provide a written request to the air district along with documentation that substantiates the need for the waiver and verifies that higher-polluting equipment is not consequently receiving more use.

a. The air district will specify the length of time for which the waiver is valid. The waiver will not exempt

the grantee from any contract requirement to provide annual usage reports.

b. The waiver will be documented in writing, approved by the APCO or designee, and included in the project file.

(3) For projects that include multiple pieces of equipment or engines the air district may review and recalculate the funded equipment collectively to see if the project as a whole has performed as expected. A waiver is not required in this event.

4. **Funds Recaptured Following CARB Enforcement.** Program funds recaptured from a project grantee as a result of a settlement agreement executed by CARB shall be returned to the air district that granted the funds. Any penalties resulting from a settlement agreement executed by CARB or the Attorney General shall be deposited in the appropriate State fund.

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CHAPTER 4: HEXAVALENT CHROMIUM ELECTROPLATING AND CHROMIC ACID ANODIZING FACILITIES

A. Introduction

~~Senate Bill 856~~ H&SC 44391.4(b)(3)(A) allows CAP Incentives to be directed to owners of stationary sources that are not subject to the Cap-and-Trade Program requirements adopted by CARB pursuant to subdivision (c) of section 38562 of the ~~California Health and Safety Code~~ H&SC. The funding is intended to provide replacement of equipment with technologies that will result in direct reductions of criteria air pollutant and TAC~~s~~ emissions~~, including zero-emission technologies~~.

In addition, the 2023-2024 Budget Act (chrome plating incentive funding) made 10 million dollars ($10,000,000) available to CARB to assist with the necessary transition away from the use of hexavalent chromium in chromium electroplating and chromic acid anodizing (chrome plating) operations. In these guidelines, this funding is referred to as Hex Chrome Funding. Assembly Bill 211 stated that at least 50 percent of this funding be available for small businesses to convert to trivalent chromium plating technology or an alternative that is at least equally health protective. The legislature also instructed that funding priority be given to facilities located in close proximity to sensitive receptors.[27] The chrome plating incentive funding for eligible projects are expected to be available until June 30, 2026. Air Districts must prioritize spending of AB 211 funding on hexavalent chromium replacement projects prior to using CAP Incentives monies to fund them.

The maximum total grant amount from either funding source cannot exceed three-hundred thousand dollars ($300,000) for small businesses,[28] or one-hundred and fifty thousand dollars ($150,000) for all other businesses. CAP

[27] A small business is defined as a facility that is independently owned and operated with average annual gross receipts of three million dollars ($3,000,000) or less, averaged over the previous three years.

[28] A sensitive receptor is any residence including private homes, condominiums, apartments, prisons, dormitories, and living quarters. Sensitive receptors include education resources such as schools, daycare centers, and health care facilities such as hospitals, hospices, or retirement and nursing homes.

Incentives and these new chrome plating incentive funds cannot be combined except with approval from CARB incentives staff.

CARB identified hexavalent chromium as a TAC in 1986. Hexavalent chromium is currently known to be the second most potent carcinogen identified by the Board. CARB's emission inventory data has revealed the presence of hexavalent chromium emissions from stationary sources, such as chrome electroplating facilities, in numerous communities across the state. Hexavalent chromium electroplating and chromic acid anodizing operations involve the electrical application of a coating of chromium onto a surface for decoration, corrosion protection, or for durability. These processes cause mists containing hexavalent chromium to be emitted from the plating tanks and dispersed into indoor and outdoor ambient air. Since 1988, CARB has regulated hexavalent chromium emissions from chromium electroplating and chromic acid anodizing facilities. ~~The existing state control measure, the Hexavalent Chromium Airborne Toxic Control Measure for Chrome Plating and Chromic Acid Anodizing Operations (Chrome Plating ATCM), is in Title 17, California Code of Regulations (CCR), section 93102.~~ There are also other local regulations that control emissions from these same facilities.

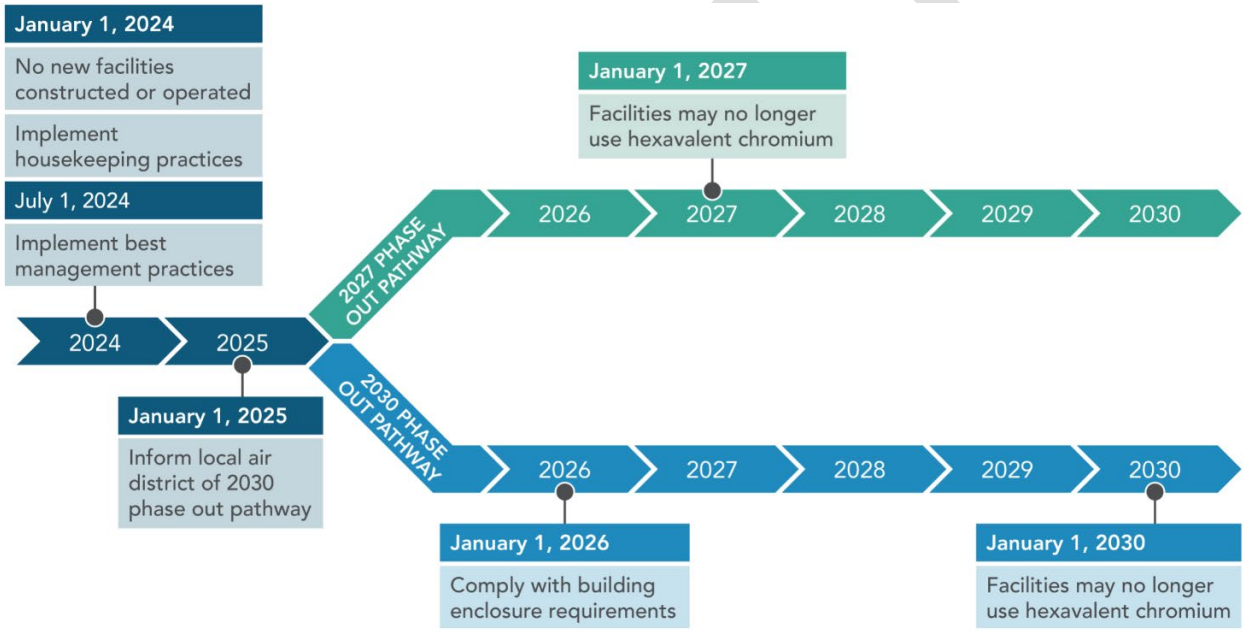
B. Current Requirements

~~The current Chromium Plating ATCM sets forth requirements for reducing hexavalent chromium emissions based on the distance to a sensitive receptor and annual usage. The use of best available control technology, or BACT, is required for all facilities. A majority of the facilities have emissions limitation rates of 0.0015 milligrams per ampere-hour (mg/amp-hr).~~

~~A majority of facilities achieve the emissions through the installation of add-on air pollution control devices, such as high efficiency particulate arrestor (HEPA) filters. The add-on control devices are not required for some of the smaller decorative chrome plating facilities that have met the emissions limit through use of specific chemical fume suppressants. These chemical fume suppressants limit the amount of chromium-containing mist emitted by the electroplating process. However, some of these fume suppressants may contain per- and polyfluoroalkyl substances (PFAS) which have been linked with a variety of health problems and other environmental concerns. For many of these facilities, transitioning to non-hexavalent chromium technologies such as trivalent chromium can eliminate the use of these fume suppressants. Add-on control can also be used in place of these fume suppressants. Facilities may also convert to a trivalent chromium process to meet the emissions limitations.~~

On May 25, 2023, the CARB board voted to approve amendments to the Chrome Plating ATCM. The updated ATCM sets forth requirements for phasing out the use of hexavalent chromium in chrome plating and chromic acid anodizing operations. Decorative chrome plating[29] facilities may elect to phase out hexavalent chromium on January 1, 2027, with no additional requirements or on January 1, 2030, if they implement building enclosures. Hard plating and chromic acid anodizing have a phase out deadline of January 1, 2039, with the inclusion of technology reviews to ensure a viable replacement technology exists.

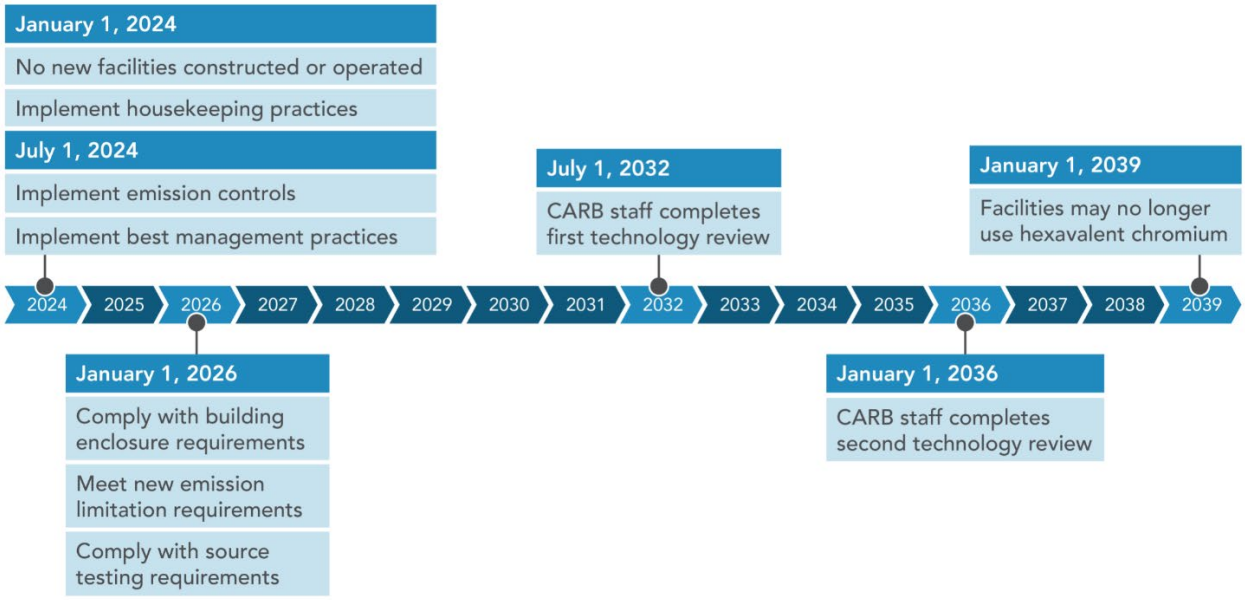
Figure 4-1: Decorative Chrome Plating Timeline



Functional chrome plating facilities, which include hard chrome plating and chromic acid anodizing, must stop using hexavalent chromium on January 1, 2039, with the inclusion of technology reviews prior to that date to ensure a viable replacement technology exists. Figure 2 illustrates the Chrome Plating ATCM requirements that apply to facilities using hexavalent chromium for the purpose of functional chrome plating.

[29] Decorative Chrome Plating means the process by which a thin layer of chromium (typically 0.003 to 2.5 micrometers) is electrodeposited on a base material to provide a bright surface with wear and tarnish resistance.

Figure 4-2: Functional Chrome Plating Timeline



C. Projects Eligible for Funding – CAP Incentives

Projects that are eligible for funding include replacement technologies ~~for chrome electroplating and chromic acid anodizing facilities that reduce hexavalent chromium emissions~~ that eliminate the use of hexavalent chromium in chrome plating operations. H&SC Section 44391.4(b)(3)(A) requires that CAP Incentives be used for projects that provide emissions reductions in excess of those otherwise required by applicable federal, state, or local rules or regulations. To achieve emission reductions ~~must be~~ in excess of those ~~otherwise~~ required by the Chrome Plating ATCM, a chrome plating facility must convert to trivalent chromium plating technology, or an alternative technology that is at least equally health protective, at least one year before the facility is required to stop using hexavalent chromium. ~~applicable federal, State, or local rules or regulations.~~

~~Examples of~~ Eligible technologies include the following:

~~1. **Control Devices.** Add-on air pollution control (APC) devices that replace some or all existing systems.~~

1. ~~**Conversion**~~ **Trivalent Chromium.** Conversion from hexavalent chromium to trivalent chromium (requirements per Title 17, CCR, section 93102.6 must also be met). ~~This option should be prioritized for decorative chrome plating operations.~~

~~2. **Permanent Total Enclosure.** Permanent total enclosure (PTE) vented to negative air (U.S. EPA Method 204).~~

2. ~~Other~~ Alternative Technology. ~~Other technology capable of achieving emissions reductions in excess of those otherwise required by law or regulation~~ Alternative technology may be eligible if it does not contain hexavalent chromium and is at least as health protective as trivalent chromium ~~on a case-by-case basis~~. Prior to contract execution, air districts must ~~notify~~ submit ~~for~~ to CARB Chrome Plating ATCM staff~~'s~~[30] the specifications of the alternative technology and a health risk assessment (HRA) which presents the potential carcinogenic and noncarcinogenic health impacts to individuals and populations according to the air district's procedures. The HRA must evaluate the health impacts for all components of the alternative technology. Components without health information cannot be used for alternative technology. ~~of the other technology that are not included in the examples listed above.~~

D. Eligible Participants – CAP Incentives

Public and private entities that own their own chromium plating facilities or operations located in California are eligible to apply. The existing chromium operation must be located in California, and the owner must not be subject to requirements of the ~~California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation, Title 17, CCR, sections 95801-96022 (~~Cap-and-Trade Program~~)~~.

E. Participant Requirements – CAP Incentives

1. **Receipt of Application.** At time of application, participants must:

   (A) Meet federal, State, or local requirements applicable to chrome plating operations.

   (B) Have authority to make any necessary building modifications.

   (C) Show proof of regulatory compliance with the Chrome Plating ATCM and~~/or~~ local rules, ~~or~~ including a valid operating permit.

   (D) Submit a quote~~s~~ from at least ~~two~~ one independent contractor~~s~~. The quote from the selected contractor does not have to match the final invoice submitted for reimbursement if additional work is

[30] CARB Chrome Plating ATCM staff may be contacted at chromeplatingatcm@arb.ca.gov.

required for the installation, but parts and labor costs for the major components of the technology should match the initial quote.

2. **Contract Execution.** After contract execution, participants must meet the following requirements:

   (A) Maintain the ~~control~~ trivalent chromium ~~replacement~~ or alternative technology to manufacturer's specifications during the contract period.

   ~~(B) May not claim emissions reduction credits from the incentivized technology during the contract period.~~

   (C) Comply with local air district requirements during the contract period, such as any applicable ~~as parameter monitoring and~~ reporting requirements.

   (D) Ensure permits for the ~~control~~ trivalent chromium ~~replacement~~ or alternative technology remain up-to-date and all permit requirements are met during the contract period as required by the air district.

   (E) Maintain compliance with the Chrome Plating ATCM and all federal, State, and local rules and regulations.

   (F) Make trivalent chromium ~~replacement~~ or alternative technology available for inspection if requested by the air district and/or CARB staff during the contract period.

F. Project Life – CAP Incentives

~~The minimum project life is three years. The air district has the discretion to extend the project life depending on local requirements.~~

The minimum project life is one year. The air district has the discretion to extend the project life depending on local requirements. The air district also has the authority to shorten the project life if the facility experiences delays in equipment acquisition or installation, construction, or permitting that are out of their control. Note that the requirements specified in Title 17, CCR, Section 93102.4 subdivision (b)(2)(A) and (b)(2)(B) must be met.

Hexavalent chromium may no longer be used for the purposes of decorative and functional chrome plating on the dates listed in Table 4-1 below:

Table 4-1: Compliance Dates for Decorative and Functional Chrome Plating Facilities

Compliance Date	Type of Chrome Plating Facility
1/1/2027 or 1/1/2030[31]	Decorative
1/1/2039	Functional

G. Maximum Eligible Funding Amounts – CAP Incentives

~~Legislative direction does not require stationary source projects to meet a cost-effectiveness threshold. However,~~ Maximum ~~funding amounts are included below~~ grant amounts, as shown in Table 4-1, ~~and~~ have been set ~~based on the cost of~~ trivalent chromium replacement ~~technology and costs of the initial performance testing conducted during post-inspection, as detailed in Section K below. Table 4-1~~ lists the funding limits for hexavalent chromium projects and ~~includes a flat maximum dollar amount,~~ and ~~a maximum percentage of the total cost of the technology, and a maximum dollar amount based on ventilation systems. Included are a set of maximum grant amounts specifically for decorative chrome plating operations to prioritize conversions to less toxic trivalent chromium plating operations. Each grant must not exceed the lowest of the funding limits in Table 4-2. Note that the maximum total grant amount includes the cost of an initial performance test.~~

~~Table 4-1: Hexavalent Chromium Control Cost Estimates~~

~~Eligible Technology~~	~~Cost Estimate~~
~~APC System~~	~~$115,000 - $280,000~~
~~Trivalent Chromium Conversion~~	~~$70,000 - $80,000~~
~~PTE~~	~~$55,000 - $430,000~~
~~Initial Performance Test for APC System~~	~~$20,000~~

[31] Facilities that elect to use hexavalent chromium for the purposes of decorative chrome plating until January 1, 2030, must notify the air district of this decision by January 1, 2025.

Table 4-2 lists the funding limits for trivalent chromium or alternative technology projects and includes a flat maximum dollar amount and a maximum percentage of the total cost of the project. The maximum percentage of the total cost of the project is greater for small businesses that convert to trivalent chromium or an alternative technology at least 3three years before the facility is required to stop using hexavalent chromium. The maximum total grant amount per facility must not exceed the funding limit in Table 4-2. Note that the maximum total grant amount includes the cost of an initial source test for the trivalent chromium or alternative technology and an health risk assessment HRA for the alternative technology.

Table 4-2: CAP Incentives Funding Limits for Trivalent Chromium or Alternative Technology Projects

Applicability	Small Businesses	All Other Businesses
Maximum total grant amount[32]	$300,000	$150,000
Maximum percentage of eligible cost ≥ 3-year project life	100%	100%
Maximum percentage of eligible cost 2-year project life	90%	90%
Maximum percentage of eligible cost 1-year project life	80%	80%

[32] The maximum total grant amount is a per facility total.

~~Table 4-1: Funding Limits for Hexavalent Chromium Reduction Projects~~

~~Funding Limit~~	~~Decorative Chrome Plating and Functional Chrome Plating Operations (includes hard chrome plating and chromic acid anodizing) Operations~~	~~Non-Decorative Functional Chrome Plating Operations Decorative Chrome Plating and Functional Chrome Plating Operations (includes hard chrome plating and chromic acid anodizing)~~ ~~For Small Businesses~~
~~Maximum total grant amount, including initial performance test~~	~~$300,000~~	~~$300,000~~
~~Maximum percentage of eligible cost~~	~~90 percent for trivalent chromium conversion, or 80 percent for all other projects 90 percent for trivalent chromium conversion project with a 3-year project life~~ ~~80 percent for trivalent chromium conversion project with a 2-year project life~~ ~~70 percent for trivalent chromium conversion project with a 1-year project life~~	~~90 100 percent for trivalent chromium conversion project with a 3-year project life~~ ~~90 percent for trivalent chromium conversion project with a 2-year project life~~ ~~80 percent for trivalent chromium conversion project with a 1-year project life~~
~~Maximum dollar amount for ventilation systems~~	~~$23 per cubic foot per minute~~	~~$23 per cubic foot per minute~~

H. Eligible Costs – CAP Incentives

Grant funds may only pay for ~~items~~ eligible costs essential to the operation of the control technology.

1. **Eligible Costs.** Eligible project costs include:

   (A) Design and engineering (e.g., labor, site preparation).

   (B) ~~Control~~ Trivalent chromium ~~replacement~~ or alternative technology and materials.

   (C) Instrumentation and monitoring units.

   (D) Required ventilation ductwork and electrical upgrades.

   (E) Installation.

   (F) Initial ~~performance~~ source tests conducted to confirm post-technology emissions (100 percent of cost is eligible for funding).

~~2. **Discretionary Costs.** Air districts have the option to fund the following discretionary costs, provided the maximum eligible funding amounts in Section G are not exceeded:~~

   (A) HRA that shows the alternative technology is at least as health protective as trivalent chromium.

   (B) Shipping and delivery costs.

   (C) License fees, environmental fees, commissioning fees (safety testing), onsite required safety equipment, and fees incurred during pre-contract execution (i.e., permits, design, engineering, site preparation).

   (D) Handling and disposal of hexavalent chromium and hexavalent chromium contaminated materials associated with conversion to trivalent chromium or alternative technology.

I. Ineligible Costs – CAP Incentives

Ineligible costs include but are not limited to:

1. **Non-Essential Hardware.**
2. **Operation Cost.** Operational fees including energy costs, maintenance, repairs, improvements, spare parts.
3. **Extended Warranty.**
4. **Insurance.**
5. **Building Enclosure Costs.** Costs for the installation of building enclosures required by Title 17, CCR, section 93102.4 subdivision (d).

6. **Data Collection and Reporting.** Excludes initial performance tests.

7. **Fees.** Includes repairs, maintenance, or permit fees.

8. **Participant Administrative Costs.**

9. **Employee Training and Salaries.**

10. **Performance Bond Costs.**

11. **Hazardous Materials** Permitting and Site Remediation. ~~Includes permitting, handling, and disposal~~ Excludes disposal of hexavalent chromium and hexavalent chromium contaminated materials.

J. Project Eligibility Criteria – CAP Incentives

The minimum requirements for projects are listed below. Air districts retain the authority to impose additional requirements to address local concerns.

1. General Requirements.

   (A) Any applicable permits issued by air districts for the existing operations and associated equipment must be up to date.

   (B) The participant must certify that any equipment to be replaced will be discarded in a manner that complies with all federal, State, and local requirements.

2. Trivalent Chromium ~~Replacement~~ or Alternative Technology ~~Control Technology~~ Requirements.

   (A) ~~The control technology reduce hexavalent chromium emissions to an emissions level less than what is required by federal, State, or local rules or regulations.~~

   (B) For decorative chrome plating facilities, the trivalent chromium or alternative technology must fully eliminate the use of hexavalent chromium from the facility's chrome plating operations. Functional chrome plating facilities must convert at least one permitted hexavalent chrome plating tank and the associated processing tanks to trivalent chromium or an alternative technology.

   ~~(C) The control technology or post-technology emissions from an electroplating or anodizing bath must be 0.0015 mg/amp-hr or less of hexavalent chromium.~~

   ~~(D) If the source is not an electroplating or anodizing bath, the post-control emissions must be 0.20 mg/hr or cleaner for~~

~~ventilation systems with exhaust rates of 5,000 cubic feet/minute (cfm) or less or 0.004 mg/hr ft^2 for ventilation systems with exhaust rates greater than 5,000 cfm (based on the surface area of all source tanks that vent into the ventilation system).~~

(E) Facilities should determine their current regulatory requirements prior to application submission. Air districts are responsible for verifying whether the project provides emissions reductions in excess of those otherwise required by law or regulation. To achieve emissions reductions in excess of those required by the Chrome Plating ATCM, a chrome plating facility must convert to trivalent chromium technology, or an alternative technology that is at least equally health protective, at least one year before the facility is required to stop using hexavalent chromium. The dates that facilities may no longer use hexavalent chromium for the purposes of decorative and functional chrome plating are in Table 4-1. ~~The emissions limits for the Chromium Plating ATCM are shown in Table 4-3 below:~~

~~Table 4-3: Chromium Plating ATCM Emission Limits~~

~~Distance~~	~~Permitted Annual Ampere-Hours~~	~~Emissions Limitation~~	~~Start Date~~
~~≤ 330 feet~~	~~≤ 20,000~~	~~Use of specific chemical fume suppressants [33]~~	~~4/24/2008~~
~~≤ 330 feet~~	~~> 20,000 - ≤ 200,000~~	~~0.0015 mg/amp-hr with add-on control~~	~~10/24/2010~~
~~≤ 330 feet~~	~~> 200,000~~	~~0.0015 mg/amp-hr with add-on control~~	~~10/24/2009~~
~~> 330 feet~~	~~≤ 50,000~~	~~Use of specific chemical fume suppressants~~	~~4/24/2008~~

~~[33] Specific chemical fume suppressants are listed here: https://www.arb.ca.gov/toxics/chrome/fumesuppresslistfinal9.21.16.pdf~~

~~> 330 feet~~	~~> 50,000 - ≤ 500,000~~	~~0.0015 mg/amp-hr~~	~~10/24/2011~~
~~> 330 feet~~	~~> 500,000~~	~~0.0015 mg/amp-hr with add-on control~~	~~10/24/2009~~

~~(F) If applicable, local requirements must also be reviewed to ensure projects provide emissions reductions in excess of those requirements.~~

(G) The ~~control~~ trivalent chromium or alternative technology installed at a facility must be located in California. Prior to ~~modification of the existing technology and/or~~ installation of the ~~control~~ trivalent chromium or alternative technology, applicable permit applications must be submitted to and approved by the air district. Installations must be completed before compliance deadlines.

~~(H) It is at the air district's discretion whether to allow the transfer of a control trivalent chromium replacement technology to another facility during the contract period. If the project were selected under the air district's Community Emissions Reduction Program, then The air district may set limits on location changes to ensure the project will directly benefit a particular community during the contract term.~~

(I) The trivalent chromium or alternative technology must be new and have at least a one-year warranty, except for parts with regularly scheduled maintenance. If the ~~replacement technology~~ facility is sold to a new owner during the contract period, the new owner must agree to abide by ~~the~~ all existing contract terms until contract termination or for any other length of time as required in the contract or grant agreement. If the new owner does not agree, the original owner must repay the funds allotted to them from this program at the time of sale. ~~Any change in ownership must be reported to the air district within 30 days.~~

~~(J) The control technology must be new and have at least a one-year warranty, except for parts with regularly scheduled maintenance. Remanufactured or refurbished equipment and parts are not eligible.~~

~~(K) Where possible, the trivalent chromium replacement control technology must include instrumentation (e.g., mechanical gauges) that can monitor the operating parameters of the technology such as pressures and air flows.~~

(L) The trivalent chromium or alternative technology must also include a standard operating procedure manual with the recommended factory scheduled maintenance intervals.

(M) Applicants must provide contact information of the technology manufacturer and the contractor that performed the equipment replacement. Installation work must be performed by independent contractors that are licensed and bonded/insured.

K. Post-Inspection – CAP Incentives

Prior to the final payment of grant funds, the air district must observe the operation of the trivalent chromium or alternative technology and perform a post-inspection to verify compliance with the Chrome Plating ATCM and all federal, State, and local rules and regulations. ~~prior to payment of grant funds.~~ The following documentation must be collected during the post-inspection:

~~1. **Results of the Performance Test.** If the trivalent chromium replacement technology uses an add-on air pollution control device, the participant must conduct an initial performance test to verify the emission levels of the control technology prior to the receipt of grant funds. The performance test must meet the requirements outlined in Title 17, CCR, section 93102.67 (c), (d), and (e) 93102.6 subdivision (a)(1)(A). The cost of the performance test is an eligible cost.~~

2. **Trivalent Chromium Source Test Results.** If a facility elects to comply with Title 17, CCR, section 93102.6 subdivision (a)(1)(A), instead of section 93102.6 subdivision (a)(1)(B), the trivalent chromium technology must undergo an initial source test to verify the emission levels of total chromium. The source test must meet the requirements outlined in Title 17, CCR, section 93102.6 subdivision (a)(1)(A). The cost of the source test is an eligible cost.

3. **Trivalent Chromium Bath Components.** If the facility elects to comply with Title 17, CCR, section 93102.6 subdivision (a)(1)(B), instead of section 93102.6 subdivision (a)(1)(A), the facility must provide a record of the trivalent chromium bath components, including the trade or brand names, with the wetting agent clearly identified.

4. **Alternative Technology Test Results.** Facilities that install alternative technology must test the technology according to any applicable federal, state, and local rules and regulations.

5. **Inspection Photos.** Photos of the ~~control~~ trivalent chromium or alternative technology and installed instrumentation used to monitor the technology.

L. Air District Requirements – CAP Incentives

CAP Incentives and chrome plating funds cannot be combined, except with approval from CARB Incentives staff.

Air Districts must prioritize spending of AB 211 funding on hexavalent chromium replacement projects prior to using CAP Incentives monies to fund them.

Air districts must include stationary sources as a funding option in their Policies and Procedures ~~Manual~~ prior to funding stationary source projects. The Policies and Procedures must include the administrative tools that are needed to manage the projects, including project review and selection criteria, reimbursement procedures, inspections, monitoring and enforcement, contract development, etc.

The Policies and Procedures ~~Manual~~ must be kept up-to-date with current program implementation practices and must be made available to CARB staff upon request. In addition, upon request from CARB staff, the air district will provide CARB information associated with the control technology (e.g., costs, emissions data, etc.).

Prior to reimbursement, a completed *Uniform Commercial Code-1 Financing Statement Form* must be filed with the California Secretary of State listing the air district as the secured party. Air districts may impose additional requirements to address local concerns. Air districts must ensure all necessary documents are received and requirements are met, such as:

1. **Application.** Completed and signed application.

2. **Executed Contract.**

3. **Invoices.** Invoices of the purchase and all work performed. Invoices must show details of all the equipment parts installed, labor costs, and any other costs to be funded.

4. **Completed Inspection Documentation.** ~~Includes performance test results showing hexavalent chromium emissions of 0.0015 mg/amp-hr or less from control technology or post-control equipment. In addition, Photos of the control technology or post-control equipment are required. The performance test results must show hexavalent chromium emissions reductions. The 0.01 mg/amp-hr certified limit may be used as the baseline emissions level for electroplating and anodizing baths that utilize chemical fume suppressants. Tanks that do not have a control system certified by CARB or the air district to meet a specific emissions level must be measured for emissions upstream and downstream of the newly installed technology.~~ The documentation that must be collected during the post-installation inspection is outlined in section K of this chapter.

5. **Other Funds.** Documentation of other grant funds received or approved to be received.

6. **Permits.** Permit allowing operation of ~~control~~ trivalent chromium or alternative technology.

M. Projects Eligible for Funding – Hex Chrome Funding

The trivalent chromium and alternative technology projects outlined in section C of this chapter. Projects Eligible for CAP Funding are also eligible for chrome plating incentive funding. The legislature specified that at least 50% percent of the funding be available for small businesses, based on annual gross receipts, and that priority should be given to chrome plating facilities located in close proximity to sensitive receptors. The chrome plating incentive funds for eligible projects are expected to be available until June 30, 2026.

N. Eligible Participants – Hex Chrome Funding

Public and private entities that own chrome plating facilities located in California are eligible to apply.

O. Participant Requirements – Hex Chrome Funding

1. **Receipt of Application.** At time of application, participants must:

   (A) Meet federal, state, or local requirements applicable to chrome plating operations.

   (B) Have authority to make any necessary building modifications.

(C) Show proof of regulatory compliance with the Chrome Plating ATCM and local air district rules, including a valid operating permit.

(D) Submit a quote from at least one independent contractor. The quote from the selected contractor does not have to match the final invoice submitted for reimbursement if additional work is required for the installation, but parts and labor costs for the major components of the technology should match the initial quote.

2. **Contract Execution.** After contract execution, participants must meet the following requirements:

(A) Maintain the trivalent chromium or alternative technology to manufacturer's specifications during the contract period.

(B) Comply with local air district requirements during the contract period or for any other length of time as required in the contract or grant agreement, such as any applicable reporting requirements.

(C) Ensure permits for the trivalent chromium or alternative technology remain up-to-date and all permit requirements are met during the contract period as required by the air district.

(D) Maintain compliance with the Chrome Plating ATCM and all federal, state, and local rules and regulations.

(E) Make the trivalent chromium or alternative technology available for inspection if requested by the air district and/or CARB staff during the contract period.

P. Project Life – Hex Chrome Funding

There is no project life requirement for chrome plating incentive funding. The air district does not have the discretion to implement a project life.

Q. Maximum Eligible Funding Amounts – Hex Chrome Funding

Table 4-3 lists the funding limits for trivalent chromium or alternative technology projects and includes a flat maximum dollar amount and a maximum

percentage of the total cost of the project. The maximum percentage of the total cost of the project will be based on the following considerations:

- Availability of chrome plating incentive funds,
- Business size; at least 50 percent of the funding will be available for small businesses and funding priority will be given to small businesses,
- Proximity to sensitive receptors; priority will be given to chrome plating facilities that are near sensitive receptors. Air district staff has discretion to determine how distance to sensitive receptors will be factored into the grant amount, and
- Application date; priority will be given to applications received before January 1, 2025.

The chrome plating incentive funds for eligible projects are expected to be available until June 30, 2026. The maximum total grant amount per facility must not exceed the funding limit in Table 4-3. Note that the maximum total grant amount includes the cost of an initial source test for the trivalent chromium or alternative technology and a HRA for the alternative technology.

Table 4-3: Funding Limits for Trivalent Chromium or Alternative Technology Projects – Hex Chrome Funding

Applicability	Small Businesses	All Other Businesses
Maximum total grant amount[34]	$300,000	$150,000
Maximum percentage of eligible cost – application for funding received prior to January 1, 2025	100%	Up to 100% based on available funding[35]
Maximum percentage of eligible cost – application for funding received between January 1, 2025 and April 30, 2025	Up to 100% based on available funding2	Up to 100% based on available funding

[34] The maximum total grant amount is a per facility total.

[35] Maximum percentage of eligible cost will be based on the availability of chrome plating incentive funds. Small businesses that are close to sensitive receptors and apply for chrome plating incentive funding before January 1, 2025, will have funding priority.

Functional Chrome Platers Only Maximum percentage of eligible cost for partial conversion[36] – application for funding received prior to April 30, 2025	Up to 100% based on available funding	Up to 100% based on available funding

R. Eligible Costs – Hex Chrome Funding

Grant funds may only pay for items eligible costs essential to the operation of the trivalent chromium or alternative technology. Eligible project costs include:

1. Design and engineering (e.g., labor, site preparation).
2. Trivalent chromium or alternative technology.
3. Instrumentation and monitoring units.
4. Required building and electrical upgrades.
5. Installation.
6. Initial source tests conducted to confirm total chromium emissions of trivalent chromium technology or emissions of alternative technology (100 percent of cost is eligible for funding).
7. HRA that shows the alternative technology is at least as health protective as trivalent chromium.
8. Shipping and delivery costs.
9. License fees, environmental fees, commissioning fees (safety testing), onsite required safety equipment, and fees incurred during pre-contract execution (i.e., trivalent chromium or alternative technology permits, design, engineering, site preparation, HRA).
10. Handling and disposal of hexavalent chromium and hexavalent chromium contaminated materials associated with conversion to trivalent chromium or alternative technology.

[36] Partial conversion means the conversion of at least one permitted hexavalent chrome plating tank and the associated processing tanks to trivalent chromium or an alternative technology.

S. Ineligible Costs – Hex Chrome Funding

Ineligible costs include but are not limited to:

1. Non-essential hardware.
2. Operational costs including energy costs, maintenance, repairs, improvements, spare parts.
3. Extended warranty.
4. Insurance.
5. Costs for the installation of building enclosures required by Title 17, CCR, section 93102.4 subdivision (d).
6. Data collection and reporting. Excludes initial source tests.
7. Fees. Includes repairs and maintenance fees.
8. Participant administrative costs.
9. Employee training and salaries.
10. Performance bond costs.
11. Hazardous materials permitting and site remediation. Excludes disposal of hexavalent chromium and hexavalent chromium contaminated materials.

T. Project Eligibility Criteria – Hex Chrome Funding

The minimum requirements for projects are listed below. Air districts retain the authority to impose additional requirements to address local concerns.

1. General Requirements.
   - (A) Any applicable permits issued by air districts for the existing operations and associated equipment must be up-to-date.
   - (B) The participant must certify that any equipment to be replaced will be discarded in a manner that complies with all federal, state, and local requirements.
2. Trivalent Chromium or Alternative Technology Requirements.
   - (A) For decorative chrome plating facilities, the trivalent chromium or alternative technology must fully eliminate the use of hexavalent chromium from the facility's chrome plating operations. Functional chrome plating facilities must convert at least one permitted

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hexavalent chrome plating tank and the associated processing tanks to trivalent chromium or an alternative technology.

(B) The trivalent chromium or alternative technology must be installed at a facility located in California. Prior to installation of the trivalent chromium or alternative technology, applicable permit(s) must be issued by the air district.

(C) Any change in ownership must be reported to the air district within 30 days. If the facility is sold to a new owner during the contract term, the new owner must agree to abide by all existing contract terms until contract termination or for any other length of time as required in the contract or grant agreement. If the new owner does not agree, the original owner must repay the funds allotted to them from this program at the time of sale.

(D) The trivalent chromium or alternative technology must be new and have at least a one-year warranty, except for parts with regularly scheduled maintenance.

(E) The trivalent chromium or alternative technology must also include a standard operating procedure manual with the recommended factory scheduled maintenance intervals.

(F) Applicants must provide contact information for the technology manufacturer and the contractor that installed the trivalent chromium or alternative technology. Installation work must be performed by independent contractors that are licensed and bonded/insured.

U. Post-Inspection Requirements – Hex Chrome Funding

Prior to the final payment of grant funds, the air district must observe the operation of the trivalent chromium or alternative technology and perform a post installation inspection to verify compliance with the Chrome Plating ATCM and all federal, state, and local rules and regulations. The following documentation must be collected during the post-installation inspection:

1. Trivalent Chromium Source Test Results. If a facility elects to comply with Title 17, CCR, section 93102.6 subdivision (a)(1)(A), instead of section 93102.6 subdivision (a)(1)(B), the trivalent chromium technology must undergo an initial source test to verify the emission levels of total chromium. The source test must meet the requirements outlined in Title

17, CCR, section 93102.6 subdivision (a)(1)(A). The cost of the source test is an eligible cost.

2. Trivalent Chromium Bath Components. If the facility elects to comply with Title 17, CCR, section 93102.6 subdivision (a)(1)(B), instead of section 93102.6 subdivision (a)(1)(A), the facility must provide a record of the trivalent chromium bath components, including the trade or brand names, with the wetting agent clearly identified.

3. Alternative Technology Test Results. Facilities that install alternative technology must test the technology according to any applicable federal, state, and local rules and regulations.

4. Inspection Photos. Photos of the trivalent chromium or alternative technology and any applicable installed instrumentation used to monitor the technology.

V. Air District Requirements – Hex Chrome Funding

CAP Incentives and hex chrome funds cannot be combined, except with approval from CARB Incentives staff.

Air Districts must prioritize spending of AB 211 funding on hexavalent chromium replacement projects prior to using CAP Incentives monies to fund them.

Air districts must include stationary sources as a funding option in their Policies and Procedures Manual prior to funding stationary source projects. The Policies and Procedures Manual must include the administrative tools that are needed to manage the projects, including project review and selection criteria, reimbursement procedures, inspections, monitoring and enforcement, contract development, etc.

The Policies and Procedures Manual must be kept up to date with current program implementation practices and must be made available to CARB staff upon request. In addition, upon request from CARB staff, the air district will provide CARB information associated with the trivalent chromium or alternative technology (e.g., costs, emissions data, etc.).

Prior to reimbursement, a completed Uniform Commercial Code-1 Financing Statement Form must be filed with the California Secretary of State listing the air district as the secured party. Air districts may impose additional requirements to address local concerns. Air districts must ensure all necessary documents are received and requirements are met, such as:

1. Application. Completed and signed application.
2. Executed Contract.
3. Invoices. Invoices of the purchase and all work performed. Invoices must show details of all equipment parts installed, labor costs, and any other costs to be funded.
4. Completed Inspection Documentation. The documentation that must be collected during the post-installation inspection is outlined in section K. Post-Installation Inspection Requirements.
5. Permits. Permit allowing operation of the trivalent chromium or alternative technology.
6. Updates. Provide CARB's Chrome Plating ATCM staff with an update on the status of the chrome plating incentive funds by May 1, 2025, so that CARB staff can redirect unused funds.

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CHAPTER 5: ~~REDUCING AIR POLLUTION IN SCHOOLS~~ SENSITIVE RECEPTORS

A. Introduction

Staff designed the ~~Reducing Air Pollution in schools~~ Sensitive Receptors category to decrease exposure to harmful air pollution and address a range of outdoor and indoor air emissions sources that may potentially affect the health of ~~school children~~ individuals located in or near sensitive receptors. Sensitive receptors are defined in Appendix D, and include: any residence including private homes, condominiums, apartments, living quarters, dormitories, or similar live-in housing; education resources such as preschools and kindergarten through grade 12 schools; daycare centers; and healthcare facilities such as hospitals, retirement or nursing homes, hospices, or prisons. ~~Air districts may fund a project or projects at schools in disadvantaged or low-income communities.~~

This chapter includes the following project types:

- School Composite Wood Products.
- ~~Zero-Emission Lawn and Garden Equipment.~~
- Air Filtration Systems.
- School Transportation.
- Community Flag Programs.

B. General Applicant and Project Requirements

Applicants for ~~school facilities~~ projects under this chapter must meet the following requirements. There may be additional requirements depending on the specific project type.

~~1. Emission Reductions. Projects must provide emissions reductions at school facilities serving students in any grade from kindergarten through twelfth grade.~~

1. **Eligible Participants.** Eligible participants include owners of sensitive receptors as defined in Appendix D. In cases where a participant is not the owner of the location, they must provide alongside their application an executed lease agreement or letter of commitment lasting for the

duration of the project life signed by the property owner or authorized representative. Each subcategory contains additional eligibility criteria as appropriate.

2. **Eligibility of Schools.** Projects may only be proposed consistent with the California Constitution, which states that no public monies be allowed for the support of ~~any sectarian or denominational school, or~~ any school not under the exclusive control of the officers of the public schools (Cal. Const. ~~Art. 16 § 5 and~~ Art. 9 § 8). CARB may address any interpretation issues with these clauses via a mail-out.

3. **Changes in Ownership.** Grantees must notify all involved parties including the air district and CARB of any intent to change ownership of any funded material or equipment. The new owner must comply with the terms and conditions of the project contract. ~~Furthermore,~~ The air district must approve the change in ownership before the transfer and may require full or partial repayment if the new owner does not meet the same criteria as the original owner.

4. **Force Majeure Event.** In the case of a force majeure event (such as a fire) drastically affecting use of the project equipment, the ~~school or school district~~ participant shall alert the air district within 20 calendar days of the incident, in addition to the following:

   (A) The participant ~~participating school or school district~~ must provide the police or fire report, a letter from the insurance company regarding the ~~accident~~ incident, and other information requested by the air district. The participant must repair the equipment or replace it with a substitute that can take over the terms of the contract or voucher. The substitute technology must be similar to the initially funded technology.

   (B) Notify the air district of change of mailing address within 20 calendar days.

   (C) Repay the funded amount if the participant does not follow one or more terms as specified in the contract and application. CARB and/or the air district will specify repayment terms.

5. **Quantification of Emission Reductions.** With the exception of standalone air filter unit purchases at residential locations, air districts must quantify the emission reductions, exposure reductions, or other quantifiable benefits for projects in this chapter according to CARB's *Quantitative Methodologies to the Community Air Protection Incentives*

2019 Guidelines.[37] CARB may provide additional tools as necessary to aid air districts in quantifying project benefits.

C. School Composite Wood Products

Composite wood products are created by binding strands, particles, fibers, veneers, or boards of wood together with adhesives (i.e., glues and resins). Formaldehyde is a respiratory irritant and TAC used in ~~the~~ adhesives. ~~to make composite wood products~~. ~~Formaldehyde is a respiratory irritant and a TAC.~~ Three composite wood boards regulated under the U.S. EPA and CARB's rules are hardwood plywood (HWPW), particleboard (PB), and medium-density fiberboard (MDF). These composite wood boards are commonly used in the manufacturing of furniture, flooring, cabinets, picture frames, wooden children's toys, and many other consumer products.

This project type pays a portion of the cost to replace damaged or aging school furniture with new furniture that contains composite wood made with no-added formaldehyde (NAF) glue or ultra-low emitting formaldehyde (ULEF) glue, thus decreasing the potential for indoor formaldehyde emissions in classrooms. This would provide additional formaldehyde emissions reductions beyond ~~the reductions~~ those achieved from composite wood board that complies with the CARB Airborne Toxic Control Measure to Reduce Formaldehyde Emissions from Composite Wood Products (Composite Wood Products ATCM~~, 2009~~),[38] but which may still emit small amounts of formaldehyde because of the glue used to make the composite board.

~~**Current Requirements.**~~ CARB's Composite Wood Products ATCM regulates formaldehyde emissions in composite wood products. In 2017, the U.S. EPA adopted the Toxic Substances Control Act (TSCA)[39] Title VI regulation to reduce formaldehyde emissions from composite wood products for sale in the U.S. The TSCA regulation is based on CARB's ~~regulation~~ ATCM, although there are differences. As of March 22, 2019, all composite wood products sold in the U.S. must be TSCA-compliant; meaning that manufacturers must meet the formaldehyde emission standards[40]~~, as shown in Table 5-1,~~ and be certified by a

[37] *Quantitative Methodologies to the Community Air Protection Incentives 2019 Guidelines.* (2020)

[38] *Airborne Toxic Control Measure to Reduce Formaldehyde Emissions from Composite Wood Products.*

[39] the Toxic Substances Control Act. (15 U.S.C.)

[40] CARB's *Quantitative Methodologies to the Community Air Protection Incentives 2019 Guidelines* (2020) contains the relevant emission standards needed to quantify emission reductions for composite wood product replacement projects.

CARB-approved third-party certifier that is also recognized by U.S. EPA. Since the formaldehyde emission standards are identical in both regulations, CARB will allow products labeled as being TSCA-compliant to be sold in California. CARB continues to enforce the ATCM within California.

~~Table 5-1: CARB ATCM to Reduce Formaldehyde Emissions from Composite Wood Products, Title 17, CCR Section 93120~~

~~Type of Wood Product~~	~~Emissions Criteria for Compliance in Parts per Million (ppm)~~	~~Emission Standards for No-Added Formaldehyde Resin (ppm)~~ [41]	~~Emission Standards for Ultra-Low Emitting Formaldehyde Resin (ppm)~~ [42]
~~Hardwood Plywood~~	~~0.05~~	~~0.05~~	~~0.05~~
~~Particleboard~~	~~0.09~~	~~0.06~~	~~0.06~~
~~Medium Density Fiberboard~~	~~0.11~~	~~0.06~~	~~0.06~~
~~Thin Medium Density Fiberboard~~	~~0.13~~	~~0.06~~	~~0.06~~

1. **Eligible Equipment/Project Types.** This chapter funds the replacement of existing composite wood products at public schools, including tables, desks, countertops, chairs, and storage cabinets. Note that unlike the other sub-categories in this chapter, eligibility is limited to public schools, and does not extend to other sensitive receptors.

2. **Funding Amounts.** The funding levels presented in Table 5-1 are to cover the incremental cost between purchasing equipment made with

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[41] ~~CCR § 93120.3. To receive a two-year exemption from third-party certifier oversight - 90% quality control test results during a 3-month period must be no higher than 0.04 ppm; all results must be at or below the concentrations listed.~~

[42] ~~CCR § 93120.3. To receive a two-year exemption from third-party certifier oversight - 90% quality control test results during a 6-month period must be no higher than 0.04 ppm; all results must be at or below the concentrations listed. This is restricted to ULEF manufacturers that have been granted an exemption from third-party certification.~~

NAF or ULEF glues compared to the cost of purchasing equipment that complies with the formaldehyde emission standards in the ATCM. ~~Note that special ordering may be required.~~

Table 5-1: Funding Levels for Ultra-Low/ No-Added Formaldehyde Composite Wood Products Used in Public Schools

Type of Equipment Funded	NAF Funding Percentage	ULEF Funding Percentage
Tables/Desks/Countertops	100%	90%
Chairs	100%	90%
Cabinets	100%	90%

3. **Project Eligibility Requirements.**

   (A) The applicant must solicit and select replacement composite wood products through a competitive bidding process, and the air district must approve the selection. There must be a minimum of two competitive bids. Air districts must ensure that all costs are reasonable and appropriate upgrades to cleaner technology.

   (B) If glues are required to affix a wood veneer or synthetic material to the composite wood platform, the bids must use NAF/ULEF glues for this purpose.

   (C) Replacement equipment materials must have documentation attesting that all composite wood products used for the finished product are NAF/ULEF boards.

   (D) Replacement equipment must have a similar use as old equipment.

   (E) Replacement equipment must be a composite wood product.

   (F) Note that NAF or ULEF products may require special ordering from manufacturers.

4. **Application Requirements.** The air district must collect, as part of the application, the following information for both the old and new equipment:

   (A) Old equipment:

(1) Type of furniture/furnishing.

(2) Name of manufacturer, if known.

(3) Qualitative description of use, location, and approximate number of children and adults in the room throughout the day when in use.

(4) Photo documentation of the equipment including all manufacturer information, if on equipment.

(B) New equipment:

(1) Name of manufacturer and vendor.

(2) Date the equipment was produced.

(3) Type of furniture/furnishing.

(4) Material (HWPW, PB, MDF, or thin MDF).

(5) Dimensions of NAF/ULEF boards contained in equipment.

(6) Qualitative description of use and location.

(7) Photo documentation of the new equipment and, if present, include the NAF/ULEF label.

5. **Participant Reporting Requirements.** Air districts must set the contract period for projects at a minimum of one year. Participants must report the following information annually to the air district for the duration of the contract period:

(A) For the pieces of equipment funded, approximate numbers of adults and children in the room as well as the number of hours the room is in use. This latter value can be estimated by generally school start and end times. The class size must also be included.

(B) Statement of any performance issues that occurred with the funded equipment.

~~D. Zero-Emission Lawn and Garden~~

~~The use of internal combustion Lawn and Garden Equipment (L&GE) to maintain residential yards, schoolyards, and sporting fields, and landscaping at community centers and other community gathering places exposes children and equipment operators to elevated levels of air toxics and criteria air pollutants. This project type provides incentives to schools in disadvantaged communities or low-income communities and contractors servicing those public schools~~

residents of low-income households, publicly owned community gathering places, schools, senior living homes, and other locations intended for use by sensitive receptors or locations that serve the general public, to purchase zero-emission L&GE less than 19 kilowatts (or 25 horsepower) such as lawn mowers, chainsaws, leaf blowers, trimmers, etc.

Current Requirements. L&GE engines less than 19 kilowatts (or 25 horsepower) are required to either meet the following exhaust emission standards or certify to the voluntary "low-emitting blue sky series" standard, each as outlined in the *Small Off-Road Engine Exhaust Emission Regulations*.[43] , see Table 5-3 and Table 5-4 (California Air Resources Board 2012). Note that particulate matter emissions are applicable to all two-stroke engines.

Table 5-3: Exhaust Emission Standards for ≤ 19 kW Spark-Ignition Engines

Model Year	Displacement Category	Durability Periods (hours)	Hydrocarbon Plus NOx	Carbon Monoxide	Particulate Matter
2005 and subsequent	< 50 cc	50/125/300 hrs	50 g/kW-hr	536 g/kW-hr	2 g/kW-hr
2005 and subsequent	50 – 80 cc, inclusive	50/125/300 hrs	72 g/kW-hr	536 g/kW-hr	2 g/kW-hr
2008 and subsequent	> 80 cc – < 225 cc	125/250/500 hrs	10 g/kW-hr	549 g/kW-hr	N/A
2008 and subsequent	≥ 225 cc	125/250/500/1000 hrs	8 g/kW-hr	549 g/kW-hr	N/A

[43] *Small Off-Road Engine Exhaust Emission Regulations*, CCR, Title 13, §2403.

Table 5-4: Voluntary Emission Standards for ≤ 19 kW Spark-Ignition Engines

Model Year	Displacement Category	Hydrocarbon Plus NOx	Carbon Monoxide	Particulate Matter
2005 and subsequent	< 50 cc	25 g/kW-hr	536 g/kW-hr	2 g/kW-hr
2005 and subsequent	50 – 80 cc, inclusive	36 g/kW-hr	536 g/kW-hr	2 g/kW-hr
2007 and subsequent	> 80 cc - < 225 cc	5 g/kW-hr	549 g/kW-hr	N/A
2008 and subsequent	≥ 225 cc	4 g/kW-hr	549 g/kW-hr	N/A

Evaporative Emission Standards. In addition to exhaust emission standards, gasoline fueled, spark ignited small off-road engines rated at equal to or less than 19 kilowatts (or 25 horsepower), and equipment utilizing such engines are required to meet the evaporative emission standards listed in the *Small Off-Road Engine Evaporative Emission Regulations* Table 5-5, 5-6, and 5-7, below (California Air Resources Board 2017).[44]

[44] *Small Off-Road Engine Evaporative Emission Regulations,* CCR, Title 13, §2754.

~~Table 5-5: Diurnal Emission and Design Standards for Walk-Behind Mowers > 80 cc - < 225 cc~~

~~Model Year~~	~~Diurnal Emission Standards (g organic material hydrocarbon equivalent day)~~	~~Fuel Line Permeation Emission Standards (g ROG m^2 day)~~	~~Fuel Tank Permeation Emission Standards (g ROG m^2 day)~~	~~Carbon Canister or Equivalent Butane Working Capacity Standards Grams HC (g organic material hydrocarbon equivalent)~~
~~2006~~	~~None~~	~~15~~	~~None~~	~~None~~
~~2007 – 2008~~	~~1.3~~	~~N/A~~	~~N/A~~	~~N/A~~
~~2009~~	~~1.0~~	~~N/A~~	~~N/A~~	~~N/A~~

~~Table 5-6: Diurnal Emission and Design Standards for Equipment > 80 cc - < 225 cc Except Walk-Behind Mowers~~

~~Model Year~~	~~Diurnal Emission Standards (g organic material hydrocarbon equivalent day)~~	~~Fuel Line Permeation Emission Standards (g ROG m^2 day)~~	~~Fuel Tank Permeation Emission Standards (g ROG m^2 day)~~	~~Carbon Canister or Equivalent Butane Working Capacity Standards Grams HC (g organic material hydrocarbon equivalent)~~
~~2006~~	~~None~~	~~15~~	~~None~~	~~None~~
~~2007 – 2011~~	~~1.20 + 0.056 × nominal capacity (liters)~~	~~15~~	~~2.5~~	~~Specified in TP-902~~
~~2012~~	~~0.95 + 0.056 × nominal capacity (liters)~~	~~15~~	~~1.5~~	~~Specified in TP-902~~

~~Table 5-7: Diurnal Emission and Design Standards for Equipment ≥ 225 cc~~

~~Model Year~~	~~Diurnal Emission Standards (g organic material hydrocarbon equivalent day)~~	~~Fuel Line Permeation Emission Standards (g ROG m^2 day)~~	~~Fuel Tank Permeation Emission Standards (g ROG m^2 day)~~	~~Carbon Canister or Equivalent Butane Working Capacity Standards Grams HC (g organic material hydrocarbon equivalent)~~
~~2006 – 2007~~	~~None~~	~~15~~	~~None~~	~~None~~
~~2008~~	~~1.20 + 0.056 × nominal capacity (liters)~~	~~15~~	~~2.5~~	~~Specified in TP-902~~
~~2013~~	~~1.20 + 0.056 × nominal capacity (liters)~~	~~15~~	~~1.5~~	~~Specified in TP-902~~

~~1. **Eligible Equipment Types.** Zero-emission commercial grade L&GE, as described in CCR, Title 13, section 2408.1, which are under 25 horsepower and used on school property are eligible. Eligible equipment types are listed in Table 5-2 on the following page, below. To ensure full operation of zero-emission equipment, air districts may choose to allow funding for additional batteries and additional chargers for purchase with each eligible zero-emission commercial grade L&GE purchase. Air districts have the discretion to include or exclude any of these L&GE in their program requirements.~~

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Table 5-2: Eligible Zero-Emission Equipment Types and Funding Amounts

Equipment Type	Equipment Funding Amount	Funding Amount for Additional Batteries and/or Charger
Chainsaws/Polesaws, Edgers, Trimmers, Blowers/Vacuums	70 percent of purchase price up to $400	70 percent of purchase price up to $400
Walk-Behind Mowers	70 percent of purchase price up to $750	70 percent of purchase price up to $750
Ride-On or Standing Ride Mowers	70 percent of purchase price up to $15,000	Not Eligible

2. **Project Eligibility Requirements.**

   (A) Equipment must be purchased from a manufacturer-authorized retailer or dealer, including hardware and home improvement stores, either brick-and-mortar or online.

   (B) Equipment must be new, not used or previously owned or factory reconditioned.

   (C) New zero-emission L&GE purchased must be of the same type as the internal combustion equipment it replaces.

   (D) New equipment must have a minimum of a one-year manufacturer warranty.

3. **Participant Requirements.**

   (A) Participants contracting with a school or other public agency must provide to the air district a copy of the contract/agreement and/or a written consent form from the school or other public agency acknowledging their participation in the program.

   (B) Participants must possess and maintain all appropriate business licenses for lawn and garden service.

   (C) Participants must agree to destroy or render permanently inoperable the old equipment in accordance with the air district requirements.

4. **Project Life.** Participants must commit to utilizing the equipment for a minimum of three years from date of purchase or date of delivery.

5. **Application Information.** An air district must collect, at a minimum, the following information in its application:

(A) List of existing equipment type and quantity.

(B) Number of equipment (per equipment type) replaced.

(C) Number of batteries purchased.

(D) Number of chargers purchased.

(E) Identify if school applicant is located in a disadvantaged or low-income community.

(F) Internal combustion equipment destruction documentation.

(G) Proof of residence or driver's license.

(H) Any additional reporting requirements as per air district guidelines.

E. Air Filtration Systems

Air filtration reduces the concentration of particulate contaminants from indoor air and is an important component of a school's buildings' heating ventilation and air conditioning (HVAC) systems. Reducing airborne particles (such as PM2.5) is important because particulate matter PM negatively impacts human health, especially for individuals located near sensitive populations receptors such as children schools or hospitals. Older HVAC systems used in some schools locations only remove a small fraction of particles in the air that are with diameters smaller than 0.3 micrometers microns (µm). More efficient HVAC air filters and standalone air cleaners are important for creating healthier air in school classrooms, senior living homes, single-family and multi-unit dwellings and residences, community centers, and other sensitive receptors where community members gather.

Current Requirements. The Building Energy Efficiency Standards are set by the California Energy Commission (CEC) and include air filtration efficiency requirements for HVAC systems in newly constructed buildings. Filter efficiency is stated as the Minimum Efficiency Reporting Value (MERV), which is determined by the American Society of Heating Refrigeration and Air Conditioning Engineers (ASHRAE) in their *Method of Testing General*

Ventilation Air-Cleaning Devices for Removal Efficiency by Particle Size.[45] ASHRAE recommends indoor CO_2 levels not exceed the outdoor concentration by more than about 600 ppm. ~~air filtration requirements are shown in Table 5-9 on the next page~~. ~~Note that 2019 is the first year that CEC set standards to address human needs for indoor air quality. Past standards were set to maintain energy efficiency performance for HVAC equipment. The 2019 building codes now require MERV rating 13 filters for new construction.~~

~~Table 5-9: CEC Air Filtration Requirements~~

~~CEC Building Energy Efficiency Standard Publication~~	~~MERV Rating~~	~~Particle Size Range (mm)~~	~~Particle Size Removal Efficiency~~ [46]
~~2019~~	~~13~~	~~0.30 – 1.0~~	~~> 90 percent~~
~~2016~~	~~8~~	~~3.0 – 10.0~~	~~> 70 percent~~
~~2013~~	~~6~~	~~3.0 – 10.0~~	~~35 – 50 percent~~
~~2010~~	~~6~~	~~3.0 – 10.0~~	~~35 – 50 percent~~

1. Eligible New Equipment.

   (A) Air filter panels with ~~at least~~ a MERV ~~of 14~~ cleaner than required by the CEC's current Building Energy Efficiency Standards – MERV 14 or better as of 2022 – or the best available applicable filter as determined by a current HVAC assessment. Replacement filters must have a higher MERV rating than the current in-use filters.

   (B) Standalone air ventilation unit with a MERV of 14 or greater and with a noise threshold at or below 45 decibels. Portable air cleaning units must have a clean air delivery rate (CADR) for tobacco smoke (0.09-1.0 µM) or CADR equivalent manufacturer's

[45] *Method of Testing General Ventilation Air-Cleaning Devices for Removal Efficiency by Particle Size* (2017). Table 12-1.

[46] ~~Source: https://web.archive.org/web/20130201093821/http://www.epa.gov/iaq/pdfs/residential_air_cleaners.pdf~~

rating for filtration that is appropriate for the ~~classroom~~ size of the room the unit will operate in.

2. **Funding Amounts.** Maximum funding amounts are included below in Table 5-10. Air districts may set lower maximum funding amounts at their discretion ~~include costs associated with initial installation~~.

Table 5-10: Maximum Funding Amounts for Air Filtration Systems

Type of Equipment	Funding Amount [47]
Air Filters	Up to 100%
Standalone Systems	Up to ~~90%~~ 100%

3. **Eligible Costs.** Eligible costs may include but need not be limited to:
   (A) Initial installation including material and labor.
   (B) Performance of an impact assessment as described in Section E.7.(A).
   (C) Replacement air filter panels.
   (D) The purchase cost plus sales tax of standalone units.
   (E) Indoor and outdoor monitoring units to collect usage data.
   (F) Shipping and delivery costs.
   (G) Any regular maintenance costs that will be incurred over the course of the project life, based on the manufacturer's recommended maintenance schedule.
4. **Ineligible Costs.** Ineligible costs may include utility costs, and labor for device operation, unplanned or unscheduled maintenance, and monitoring.
5. **Eligible Participants.** Eligible applicants include the following types of sensitive receptors as defined in Appendix D:
   (A) Publicly owned schools or school districts.
   (B) Daycare or childcare centers, including preschools.

[47] Air districts may choose to include the initial installation costs of the equipment funded as part of the grant.

(C) Community centers, libraries, and other public gathering places and common spaces.

(D) Senior living centers, memory care facilities, or nursing homes, including other locations that serve the elderly or immunocompromised.

(E) Owners or renters of private residences or households.

6. **Additional eligibility criteria for owners or renters of private residences or households.** Owners or renters of private residences or households are limited to a single application per household. Air districts may impose additional restrictions consistent with community guidance.

7. **Project Criteria.**

(A) For projects to purchase new air filters for an existing HVAC system, an impact assessment must be conducted by the ~~equipment~~ owner of the system or an HVAC engineer to ensure that the new filtration will not adversely affect the existing HVAC system(s). Projects to purchase standalone systems do not require an impact assessment. The assessment must include the following:

(1) HVAC information such as type of system and associated MERV rating filter.

(2) Estimated hours of use (based on normal duty-cycle) and maintenance downtime.

(3) Number of ~~classrooms and students~~ rooms and estimated average number of occupants per ~~class~~room at a sensitive receptor where air filtration is to be upgraded.

(4) Size (length, width, and height) of each room to be upgraded.

(5) Estimate of environmental impacts such as from dry or dusty climates on the durability and longevity of new air filters or equipment.

~~(6) Potential increase in energy costs for the new air filtration (annual kW-hr * dollars / kW-hr = annual cost).~~

~~(7) If available, the total ventilation (m^3/hr) for old and new air filtration systems.~~

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(B) ~~Applicant~~ Participant must maintain equipment in a manner suitable for the type of air filtration equipment selected and should follow manufacturer specifications accordingly.

(C) The minimum project life is one year, and the maximum project life is five years. In the case of air filtration system projects or standalone air filter projects not at residential locations, the project life represents the number of years that the project will support the purchase of new filters, in addition to the span of time that participants must submit normal annual reporting requirements to air districts. For the purchase of standalone air filter units at residential locations, the project life represents the time period over which the participant agrees to operate the unit.

(D) Except for projects to purchase standalone filters at residential locations, participants can re-apply for funding, if available, and use the prior HVAC assessment at the discretion of the air district if the prior assessment is still applicable.

~~(E) Maintenance in accordance to air filtration equipment selected.~~

8. **Participant Information.** The participant must provide to the air district the following information for their current air filtration system and details about the equipment option they are proposing to upgrade:

(A) Current in-use air filter information, if applicable:

(1) Manufacturer.

(2) Model.

(3) Old equipment MERV rating and PM removal efficiency (percentage), if available.

(4) Filter life (number of filters changed annually).

(5) Size of filter: Length x Width x Height.

(6) Filter material, if known.

(7) ~~Duration~~ Frequency of filter~~s being~~ change~~out~~, if applicable.

(B) Current in-use air filtration system, if applicable:

(1) Annual hours used ~~usage~~ (e.g., kilowatt-hour) ~~(hours of use)~~.

(2) Manufacturer.

(3) Model number.

(4) MERV rating.

(5) Pollutant removal efficiency (percentage).

(6) Type of system.

(7) Any unscheduled downtime within one year of date of application submittal, including duration of downtime and causes of downtime.

(8) Service/maintenance within one year of date of application submittal.

(9) Warranty.

(C) HVAC system assessment.

(D) Owners or renters of private residences must provide relevant residence information including address and home square footage, or other suitable information at the air district's discretion.

9. **New Equipment Information.** Except for projects to purchase standalone filters at residential locations, the air district must perform a post-inspection prior to payment of grant funds. The information below must be collected on the application and verified during the post-inspection. The inspection form ~~may~~ should include photographs that clearly show important labelling on HVAC systems, standalone units or replacement air filters, and location of filters by room alongside a map or floorplan noting the location of each room and filter panel or standalone unit. The inspection form may also include copies of invoices that contain the new filter rating, and contractor's and/or installer contact information (including installation date, inspector's name, and school name).

(A) Air Filters:

(1) Manufacturer.

(2) Model.

(3) New equipment MERV rating and PM removal efficiency (percentage), if available.

(4) Annual usage/filter life (number of filters changed annually).

(5) Size.

(6) Filter material.

(7) Duration of filters being changed, if applicable.

(B) Standalone Air Filtration System:

(1) Manufacturer.

(2) Model number.

(3) MERV rating (or certify high efficiency particulate air filter HEPA if portable air cleaner).

(4) ~~Clean air delivery rate (~~CADR~~)~~.

(5) Pollutant removal efficiency (percentage).

(6) Type of system.

(7) Ventilation rate.

(8) Any unscheduled downtime, including duration of downtime and causes of downtime.

(9) Service/maintenance.

(10) Warranty.

10. **Reporting.** Participants must report the following information annually:

(A) Estimated number of hours of use~~,~~ and estimated average number of people in the room during use.

(B) Statement of any performance issues that occurred with the funded equipment as well as maintenance issues.

F. Community Flag Programs

Community flag programs are localized notification systems at public schools and other public gathering places such as community centers or libraries that provide daily updates on the local air quality status, typically in the form of the air quality index (AQI). Such programs typically involve hoisting color-coded flags that reflect each day's prevailing AQI and can reduce exposure to criteria air pollutants by informing community members when ambient concentrations reach unhealthy or potentially hazardous levels. Projects need not use actual flags but may instead make use of electronic marquees or other modernized systems to provide similar notifications.

1. **Eligible Participants.** Eligible participants include publicly owned locations accessible to the public, including, but not limited to, the following:

(A) Schools or school districts.

(B) Daycare or childcare centers, including preschools.

(C) Community centers, libraries, and other public gathering places and common spaces.

2. **Funding Amounts.**

(A) Air districts may provide grant amounts to participants up to $25,000 and may cover up to 100 percent of the eligible project cost.

(B) Participants awarded funds must solicit for and select project materials (i.e., flags or electronic marquees) through a competitive bidding process with a minimum of two competitive bids prior to the participant selecting a supplier, which must then be approved by the air district. Should available suppliers in an area be limited, air districts may allow fewer bids.

(C) Eligible costs include, but need not be limited to, the following:

(1) Supplies and materials.

(2) Construction costs.

(3) Installation costs.

(D) Ineligible costs include the following:

(1) Ongoing project maintenance.

(2) Utility costs.

3. **Participant Requirements.**

(A) In cases where a participant owns a location with an existing flag program, the applicant is eligible to receive funds to improve the existing program.

(B) Equipment must be installed on land where the participant has the authority to allow it. If the participant is subject to a governing board or overarching decision-making group, then the participant should seek approvals from the appropriate authority before submitting an application to the air district.

(C) Participants are responsible for ensuring their projects comply with applicable building code and California Department of General

Services Division of the State Architect (DSA) requirements,[48] specifically:

(1) Flag poles should not exceed 35 feet in height unless Participants first receive approval from DSA. Participants must provide proof of such approval alongside their applications to air districts.

(2) Apexes of other free-standing elements to be installed, including marquees, should not exceed eight feet above adjacent grades, unless applicants first receive approval from DSA. Participants must provide proof of such approval alongside their applications to air districts.

(D) Participants must maintain the funded technology according to the manufacturer's specifications throughout the contract period of five years.

(E) Participants must make the project available for inspection at the request of air districts or CARB.

(F) A designated employee at the location must be responsible for updating the notification system as appropriate on a regular basis consistent with the regular hours of operation of the building (i.e., every day that a school is in session).

(1) For projects hoisting color-coded flags, schools must display the daily forecasted air quality index.

(2) For projects using electronic marquees or other modernized systems to provide similar notifications, schools must display real-time updates based on the current hourly air quality index.

(G) Throughout the contract period, the participant must notify the air district within 15 days if any maintenance or technological issues arise that prevent the equipment from operating as intended.

4. **Air District Requirements.** Air districts must specify in their Policies and Procedures the following details to implement Community Flag Program projects:

(A) Criteria detailing the application process.

[48] *Construction Projects and Items Exempt from DSA Review.* (2023).

(B) Elements participants must include in their applications for the air district to deem the application complete. Applications should include sufficient information to estimate exposure reductions as detailed in Section F.5 of this chapter.

(C) Methods by which participants can submit completed applications to the air district.

(D) Methods by which the air district will evaluate and select submitted projects for funding. This may include scoring or ranking metrics, sharing submitted project applications with community members, or other methods the air district deems appropriate based on community guidance they receive or other local priorities.

(E) Acceptable methods by which participants implement their Community Flag Programs, which must include methods by which the participant communicates local air quality, for example, via conveying the local AQI.

(F) Air districts must specify a project life or contract period during which participants must agree to maintain their Community Flag Program. During this period, the participant must agree to the following provisions:

(1) Maintain funded equipment according to manufacturer's specifications.

(2) Sustain other required aspects of the program such as regularly updating daily air quality notification information and meeting other ongoing participant requirements outlined in the previous section.

(3) Participant must agree to make the project available for inspection upon request by CARB or the air district.

5. **Estimating Exposure Reductions.** Air districts must use at least the following metrics to estimate exposure reductions, but may adopt additional metrics as necessary based on local priorities:

(A) Estimated daily average number of individuals visiting participant's location.

(B) Estimated daily average number of people visiting participant's location. Suitable methods of estimation will depend on the type

of location. For example, the number of children in the case of schools, daycares, or other locations that cater to children.

(C) Estimated average number of poor air quality days per year based on the chosen method of communicating air quality locally (for example, using the various poor air quality thresholds used in the AQI).

G. School Transportation Projects

Many vehicles involved in school operations emit and expose school children to NOx, Reactive Organic Gases (ROG), PM, TACs, and other air pollutants. Exposure comes from numerous sources including dirty yellow and white fleets, idling by both school buses and passenger cars, and lack of active transportation. Exposure can be decreased by implementing numerous measures which include cleaning up fleets and providing infrastructure for cleaner technologies, such as electric and hydrogen fuel cell school buses and support vehicles.

~~While some projects are already eligible for CAP incentives, the Clean Mobility in Schools Pilot Project is mentioned here as a likely source for guidance for future additions.~~ Below are listed a variety of related incentives for schools and school buses, including mention of school bus vehicle replacements and related charging/fueling infrastructure, both of which are currently eligible in CAP Incentives through existing Moyer Program eligibility.

1. **School Bus Replacements, Repowers, or Electric Conversions.** School bus replacement, repowers, and electric conversions are ~~is~~ eligible CAP Incentives projects, and guidance for each is available in Section C of Appendix A of these Guidelines ~~the CAP Supplement~~ and the Moyer Guidelines, Chapter 4, (C)(2)(B).

2. **School Bus Infrastructure**. Infrastructure to support school buses is an eligible CAP Incentives project. Guidelines for those projects are included in ~~the CAP Supplement~~ Appendix A of these Guidelines and in Chapter 10, Section C of the Moyer Guidelines.

3. ~~**Clean Mobility in Schools Pilot Project**~~ **Other Related School Bus Incentives.** The following incentives are for other, related programs, and are not eligible for use with CAP Incentives; however, we encourage air districts and their community partners to coordinate the use of CAP Incentives with money from these other programs, to the extent authorized by law, to extend the reach of State dollars and benefit as

many schools as possible. CARB routinely updates school bus funding efforts on its Funding for Clean School Buses webpage.[49]

(A) Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP):[50] HVIP provides fleet owners the opportunity for point-of-purchase vouchers to offset the increased cost of advanced technology heavy-duty on-road vehicles compared to their conventional counterparts. School buses are eligible for purchase under HVIP.

(B) ~~The~~ Clean Mobility in Schools Pilot Project (CMIS):[51] CMIS is part of the California Climate Investments ~~Fiscal Year 2018-19 Funding Plan~~ for Clean Transportation Incentives. Public kindergarten through ~~twelfth~~ 12th grade schools deploying a range of clean mobility options such as light- and heavy-duty, zero-emission vehicles, charging infrastructure, active transportation projects like bike sharing and vouchers for public transit, anti-idling measures, and zero-emission L&GE, will compete for funding. Outreach and awareness are also important aspects of this project. The project initially granted $77 million across four school districts in 2019, and a Request for Application recently closed in November 2023 to select applicants for an additional $33 million in funding. ~~Selection of schools deploying this project is estimated to be in late 2019. The Clean Mobility in Schools Pilot Project will support some of the same projects already eligible in the Moyer Program but will potentially go farther, providing funds for an array of transformative project types. As successes are identified in the Clean Mobility in Schools Pilot Project, more projects types will be considered for subsequent inclusion in the CAP Guidelines so that more communities can take advantage of the opportunities they provide.~~

[49] California Air Resources Board. *Funding for Clean School Buses.* (2024). https://ww2.arb.ca.gov/our-work/programs/school-buses/funding-clean-school-buses.
[50] California HVIP. *Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project.* (2024). https://californiahvip.org/.
[51] California Air Resources Board. *Clean Mobility in Schools.* (2024). https://ww2.arb.ca.gov/our-work/programs/clean-mobility-schools.

(C) Lower-Emission School Bus Program (LESBP):[52] The LESBP allows air districts to spend their locally available funding on purchases of new diesel, alternative-fuel, and zero-emission school buses.

(D) CEC School Bus Replacement Program:[53] The California Energy Commission implements its own school bus replacement program, in conjunction with its efforts to fund zero-emission charging infrastructure. The program also focuses funding in disadvantaged and low-income communities.

(E) CEC EnergIIZE Program:[54] In conjunction with its funding of school bus purchases, the CEC EnergIIZE Program provides funding for zero-emission charging infrastructure for all types of heavy-duty on-road vehicles, including school buses.

(F) Federal Clean School Bus Program:[55] The U.S. EPA also has a country-wide program for grants to purchase zero-emission school buses. The application period to apply for the initial $400 million in funding closed in August 2023, but the U.S. EPA anticipates future funding opportunities through the program.

(G) Federal Diesel Emission Reduction Act:[56] Federal funding for diesel and zero-emission school bus purchases is also available through its Diesel Emission Reduction Act.

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[52] California Air Resources Board. *Lower-Emission School Bus Program.* (2024). https://ww2.arb.ca.gov/our-work/programs/lower-emission-school-bus-program.
[53] CEC. *School Bus Replacement Program.* (2024). https://www.energy.ca.gov/programs-and-topics/programs/school-bus-replacement-program.
[54] EnergIIZE Commercial Vehicles. *EnergIIZE Commercial Vehicles.* (2024). https://www.energiize.org/.
[55] U.S. EPA. *Federal Clean School Bus Program.* (2024). https://www.epa.gov/cleanschoolbus/clean-school-bus-program-grants.
[56] U.S. EPA. *Federal Diesel Emission Reduction Act.* (2024). https://www.epa.gov/dera/rebates.

CHAPTER 6: ~~STATIONARY SOURCE AND~~ COMMUNITY-IDENTIFIED PROJECTS

A. Introduction

As part of approval of the CAP Incentives Guidelines' ~~approval~~ on May 23, 2019, through Board Resolution 19-12, the Board delegated authority to the Executive Officer to modify the CAP Incentives Guidelines to increase transparency, provide needed flexibility, and expand project types that are of priority to the communities. The Board also directed staff to work with air districts to ensure incentive funds are utilized in accordance with feedback received during community outreach completed in the process of implementing AB 617. In response to the directives of the Board Resolution, CARB staff has developed criteria to assist in the development of new stationary source projects for all air districts that receive CAP incentive funding CARB staff has also developed criteria to assist in the development of Project Plans for community-identified projects specifically for communities selected to develop with a Community Emissions Reduction Program CERP adopted by its air district's Board and approved by CARB's Board. Community-identified projects must be consistent with the strategies identified in a CERP the applicable Community Emissions Reduction Programs. The criteria outlined in this new chapter add flexibility to the CAP Incentives Guidelines and allow air districts to respond in a timely manner to community needs for incentives.

~~This chapter expands the eligibility of stationary source project types beyond those at hexavalent chromium plating facilities (Chapter 4) and those contained in the Reducing Air Pollution in Schools chapter (Chapter 5). The stationary source project portion of this chapter gives air districts the flexibility to fund stationary projects that address air pollution without the adoption of additional chapters in the CAP Guidelines. Stationary source projects are not restricted to those communities with Community Emissions Reduction Programs. Air districts that received allocations of CAP incentives in fiscal years 2018-2019 and 2019-2020 and that receive allocations in subsequent fiscal years from budget appropriations with similar legislative direction may utilize this chapter to fund stationary source projects provided all applicable criteria in the CAP Guidelines are met.~~

For communities selected to develop a ~~Community Emissions Reduction Program~~ Board-approved CERP, air districts may create Project Plans for ~~are also eligible to fund~~ community-identified projects. ~~Actions identified and prioritized by inclusion in a Community Emissions Reduction Programs adopted by an air district and approved by CARB will be eligible for a streamlined evaluation process, provided the requirements in Sections C and E of this chapter have been addressed.~~ Where feasible, ~~measures~~ actions in a CERP ~~Community Emissions Reduction Programs~~ shall also be eligible for an abbreviated and streamlined approval process~~. This process shall~~ that will avoid delaying CERP implementation and realize the benefits of improving public health in AB 617 communities. CARB will continue to work with air districts to refine the streamlined approval process to achieve the goals and requirements of both AB 617 and the enabling funding legislation.

To address local air quality concerns in response to AB 617, a CERP ~~Community Emissions Reduction Programs~~ might require uniquely designed community-identified projects to achieve local emission reduction benefits. While a CERP ~~some Community Emissions Reduction Programs~~ may have mobile or stationary measures that are addressed by other ~~sections of~~ project categories in the CAP Incentives Guidelines, there is also a need for flexibility to accommodate those that are not so easily classified. Examples ~~of these projects may~~ include categories ~~projects~~ such as zero-emission car sharing programs, ~~parking lot~~ paving of well-travelled dirt roads, and vegetative barriers.

The elements below are necessary for air districts to develop and implement an effective Project Plan for community-identified projects that will properly reflect the concerns of the community while providing flexibility to meet the unique environmental challenges of current and future selected communities.

B. Evaluation Process

~~4. Evaluation Process.~~

Prior to funding a project category type, an air district is required to develop a category plan with funding criteria referred to herein as a Project Plan. The funding criteria must be similar to those of ~~for~~ other categories in the CAP Incentives or Moyer Guidelines.

A Project Plan must contain all the criteria outlined in this chapter in addition to criteria described in Chapters 2~~: Guiding Principles and Chapter~~ and 3~~: Program Administration~~, as applicable. Air districts must develop a Project Plan with

sufficient information for CARB staff to determine general compliance with AB 617, CCI Funding Guidelines, and other legislative requirements.

Air districts must also ensure a Project Plan follows the CAP Incentives requirements for process transparency and accountability to communities. Where a Project Plan may address a source already covered by other chapters of the CAP Incentives Guidelines (e.g., a mobile source measure in a CERP ~~Community Emissions Reduction Program~~), CARB staff may request the air district to provide additional justification for points of difference. Air districts must obtain final approval of a Project Plan from CARB staff prior to implementation. The list of approved Project Plans will be posted on CARB's CAP Incentives website[57] or other publicly accessible locations as appropriate.

The evaluation process, as outlined below, is structured to ensure transparency and to facilitate an expedited review and approval of a Project Plan. Air districts are encouraged to discuss any potential Project Plan with CARB staff in a project scoping meeting prior to formal submission.

1. **Scoping Meeting.** Air district should meet with CARB in a project scoping meeting.
2. **Project Plan Submission.** Air district must submit a proposed Project Plan.
3. **Initial Review.** CARB reviews Project Plan for completeness~~,~~ and provides preliminary comments to air district.
4. **Subsequent Follow-up and Additional Review.** If necessary, air district submits additional information in response to comments and CARB conducts additional review.
5. **Final Review.** Once CARB deems the Project Plan ~~is deemed~~ complete, CARB has ~~60~~ 30 days for review and approval/denial.
6. **Approve or Deny Project Plan.** The approval notice will include a short narrative of the actual project, identification of the air district, the affected community, and other details, as considered pertinent. A similar notice would be provided in the event of a project denial. The notices will be posted on CARB's CAP Incentives website or other publicly accessible locations as appropriate for accountability and transparency.

[57] California Air Resources Board. *Community Air Protection Incentives.* (2024). https://ww2.arb.ca.gov/our-work/programs/community-air-protection-incentives.

7. **Publish Approved Plans.** Once CARB notifies an air district of a Project Plan's approval, the air district must publish their approved Project Plan in a publicly accessible location on its website. CARB will list all approved Project Plans ~~will be listed~~ on the CAP Incentives website or other publicly accessible locations as appropriate with a link to the air district's ~~webpage~~ Project Plan. Approved Project Plans can serve as a reference for other air districts to use when creating and submitting Project Plans, which may streamline the evaluation and approval process (e.g., air districts could use project details from an approved plan in their own plan). Air districts would still be required to address community-specific issues such as support from the Community Steering Committee or responsiveness to an approved CERP ~~Community Emissions Reduction Plan~~.

8. **Incorporate into Policies and Procedures.** Air district includes approved Project Plan in the air district's Policies and Procedures ~~for CAP Guidelines~~.

~~9. General Requirements for All Project Plans.~~

~~The general requirements for Project Plans are listed below. In addition to the general requirements, specific requirements for stationary source and community-identified projects are listed in Sections D and E, respectively.~~

C. General Criteria

10. All projects must conform to the requirements in Chapters 2~~: Guiding Principles,~~ and 3~~: Program Administration,~~ and Sections B through D of this chapter. Participating air districts retain the discretion to consider additional requirements to address local concerns.

11. Project Plans must identify the measure in the applicable approved CERP ~~Community Emissions Reduction Program~~ that the Project Plan will support.

12. Air districts may not begin implementing projects according to a Project Plan until CARB approves that plan, though CARB may grant exceptions in cases where an air district substantiates both the need for swift action, and clearly documented support from the relevant community.

13. If a qualitative benefit is not identified as an established benefit in the CCI Funding Guidelines, CARB must approve it prior to inclusion in a

Project Plan. CARB will evaluate qualitative benefits based on impacts to the environment, local health concerns and impacts, and socioeconomic factors.

14. Projects intended to demonstrate the efficacy of an advanced technology must include a detailed and contracted scope of work with verifiable milestones and associated incremental pay schedule to ensure fiscal responsibility. The air district must verify the grantee has met milestones stipulated in the project's scope of work prior to reimbursing the participant for costs incurred.

D. Project Identification

1. ~~Identification of whether the Project Plan is applicable to stationary source or community identified projects. If applicable to stationary source projects, the source classification code or unit type code (if available) should be included in the description. If applicable to the community identified projects,~~ Air districts must identify the specific CERP ~~Community Emissions Reduction Program~~ strategy ~~must be indicated, and Section E also applies in addition to Sections C.1. to C.9. of this chapter~~ for which they're developing a Project Plan.

1. Air districts must include a broad description of the ~~category~~ project category~~,~~ ~~with~~ that includes identification of specific benefits.

   Examples:

   - *Replacement: A new category allowing the air district to replace an older vehicle or piece of equipment ~~that includes an engine with remaining useful life is replaced~~ with a new vehicle or piece of equipment. The air district may or may not include a requirement to scrap the older vehicle or equipment ~~are scrapped~~.*
   - *Process Improvements: Improvements to processes that will result in emission or exposure reductions or related qualitative ~~co-~~benefits beyond those required by regulation. This may include removal of emissions, capture of emissions, redirection of emissions away from sensitive receptors, efficiency improvements that result in a reduced need to produce emissions in the first place, and other such strategies as applicable.*

E. Community Support

1. Air districts must show that projects ~~the~~ reflect priorities ~~of the~~ identified by the affected community or communities and must show that communities can provide continuous guidance to the air district about their priorities, through community steering committees or other mechanisms. ~~Ultimately, the community itself will be the judge of whether an air district has successfully demonstrated the community's support for a project category type.~~ A crucial component to establishing community support for projects is ensuring ~~the~~ community members have sufficient opportunities to voice their concerns/support at public meetings. Each Project Plan must include a description of the mechanism by which air districts demonstrate community support ~~is demonstrated~~ and information regarding the community group(s) (e.g., schools, civic group, senior groups, etc.). The information should include, but need not be limited to, the following:

   (A) Name(s) of the community group(s).

   ~~(B) Purpose of community group(s).~~

   ~~(C) Total number of members in the community group(s).~~

   ~~(D) Date(s) of formation/establishment.~~

   (B) A description of the group's decision-making process must be included. If the community group has a governing board, the Project Plan must include a summary of the voting process.

   (C) Air districts may include documentation such as letters, emails, meeting minutes, and other public outreach documents ~~may be submitted~~ to demonstrate support. ~~Additionally,~~ Air districts ~~can~~ may also identify individual factors in CalEnviroScreen that most impact a disadvantaged or low-income community, refer to the list of common needs in Table 5 of the CCI Funding Guidelines and select a need that has documented broad support from local community groups. Note that individuals who are CARB advisory body members are prohibited from writing letters or engaging in other communications to CARB to influence a CARB decision on a grant, per California Government Code Section 87104.[58]

[58] California Government Code Section 87104.

2. Air districts must include in the Project Plan a description of the mechanism by which they will inform community members ~~will be informed~~ about project details including dollars spent and project ~~associated~~ benefits ~~need to be outlined in the Project Plan~~.

F. Participant Requirements

1. Air districts must identify who is eligible to apply for or receive a grant for a project under the category.

   Example:

   - ~~*Public and private entities that own stationary source equipment or are authorized to make modifications to stationary sources are eligible to apply.*~~ *A residential air filtration category where individual residents of affected communities are eligible to apply for vouchers that pay the cost of new indoor air filters.*

2. Air districts must identify all relevant participant requirements including, but not limited to, the following:

   (A) Meet and maintain compliance with all federal, State, or local requirements applicable to the project category.

   (B) Have authority or have written approval to make any necessary modifications to the engine, equipment, facility, source, or other relevant pieces of property.

   (C) Show proof of regulatory compliance and/or valid operating permit, if applicable.

   (D) Maintain the funded technology to manufacturer's specifications during the entire contract period.

   (E) May not claim emissions reduction credits under applicable rules or regulations from project during the entire contract period.

   (F) Comply with local air district requirements during the contract period, such as monitoring and reporting requirements.

   (G) If applicable, ensure permits for the equipment/source remain up-to-date and all permit requirements are met during the contract period as required by the air district.

   (H) Make the project available for inspection if requested by air district and/or CARB staff during the contract period.

3. Air districts ~~must~~ should obtain written proof of any required certification/verification by the U.S. EPA or CARB for any technology that reduces emissions. ~~Zero-emission technology that does not have a certification process will be considered on an individual basis.~~ Community-identified projects that are demonstrating technology that is not yet verified must meet the requirements outlined in Section E.2.(E).

G. Funding Amounts

1. Air districts must specify the maximum funding amount for each type of project in a ~~category~~ Project Plan. This must include clearly defined factors that will affect the incentive amount offered for each project. Factors may include one or more of the following:
   (A) Total dollar cap.
   (B) Maximum percentage of eligible cost.
   (C) Cost-effectiveness cap determined by the air district and affected communities.
   (D) Usage.
2. Air districts should consider limiting funding amounts to the incremental cost of projects, i.e., the cost of a project incurred beyond the normal course of business for an applicant.
3. If applicable, Project Plans should include a list of eligible and ineligible costs for the project category type.
4. Air districts must include a description of the anticipated project life and the factors used to determine that project life.

H. Project Selection

1. The air district's criteria for project selection must be documented in the Project Plan.
2. The selection process for individual projects in the Project Plan is at the discretion of the air districts, but all criteria in the approved Project Plan, AB 617, and the applicable funding source must be met.

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I. Reporting Requirements

Air districts are required to collect and report all information as outlined in Chapter 3, Section H~~: Reporting~~.

J. Quantification of Emissions Reductions

1. Project Plans must contain emissions reduction or exposure reduction targets where applicable. Emissions and exposure reduction targets are specific, numeric goals for future compliance and deployment of technology and/or control techniques. Emissions and exposure reduction targets may also include an estimate of the number of community members that may benefit from a given project over time. These targets must be developed in consultation with the community steering committee.
2. Project Plans must outline the emissions reduction and exposure reduction benefits or other benefits the project will provide to the selected community. If an emissions reduction methodology cannot be developed, the established CCI Funding Guidelines Benefit Criteria Tables must be used to document the qualitative benefits of the project.

K. Qualitative Benefits

1. As outlined in the CCI Funding Guidelines, air districts must identify applicable qualitative benefits of the project category type. These benefits may include social, economic, and environmental benefits. Examples include, but are not limited to, the following:
   (A) Fostering job creation.
   (B) Improving air quality.
   (C) Lessening the impacts and effects of climate change.
   (D) Improving connectivity between travel modes.
2. Where applicable, air districts are encouraged to work together to identify standard qualitative benefits for project categories of common interest.
3. If a qualitative benefit is not identified as an established benefit in the CCI Funding Guidelines, CARB staff will need to approve it prior to inclusion in a Project Plan. CARB approval will be based on impacts to

the environment, local health concerns and impacts, and socioeconomic factors.

4. Projects intended by air districts to reduce exposure must reduce exposure beyond all applicable rules, regulations, or standards. Air district must identify the exposure metrics used for the project category.

5. Project categories with emission or exposure reductions should include a cost-benefit calculation or benchmark, and a threshold, if applicable.

6. Air districts are encouraged to use existing cost-effectiveness methodologies from relevant programs (e.g., the Moyer Program) or existing cost-benefit analyses where applicable. A cost-benefit calculation should include the following elements:

   (A) Sufficient information for calculation of costs and benefits of projects within the category such that two projects may be compared or ranked, to determine the relative benefit per dollar expended. Where possible, a benchmark figure for comparison of relative values should be determined.

   (B) Consideration of any applicable emissions benefits. Consideration may include, but need not be limited to, reductions of NOx, ROG, and PM.

7. All supporting documentation used to derive cost-benefit calculations, benchmarks, and thresholds must be included in the Project Plan.

8. When reviewing costs, benefits, and quantification methodologies, CARB staff will consider whether there are already existing programs or measures that can be used as benchmarks. In cases where another air district has identified additional benefits beyond those established for a similar project, CARB staff will evaluate whether a subsequent air district should quantify those same benefits.

L. Modifying Existing Approved Project Plans

1. Upon CARB's approval, an air district may adopt and/or revise a Project Plan that CARB has previously approved.

2. Scope of revisions include, but need not be limited to, any combination of the following:

   (A) Expanding an existing Project Plan previously submitted by that air district for use in additional selected communities.

(B) Adopting an existing Project Plan submitted by another air district.

(C) Modifying elements within an approved Project Plan based on new guidance from communities.

3. Air districts may view a listing of all Project Plans approved by CARB on CARB's *Stationary Source and Community-Identified Projects*[59] webpage.

4. Air districts must use the *Request to Use or Modify Approved Community-Identified or Stationary Source Project Plans*[60] form and submit to CARB staff for approval prior to implementing any projects.

5. CARB will review and approve submitted forms in a manner consistent with Section B of this chapter.

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[59] *Stationary Source and Community-Identified Projects.*

[60] *Request to Use or Modify Approved Community-Identified or Stationary Source Project Plans.*

CHAPTER 7: STATIONARY SOURCE ~~AND COMMUNITY-IDENTIFIED~~ PROJECTS

A. Introduction

This chapter expands the eligibility of stationary source project types beyond those at hexavalent chromium plating facilities (Chapter 4) and ~~those contained in the~~ Sensitive Receptors ~~chapter~~ (Chapter 5). The stationary source project portion of this chapter gives air districts the flexibility to fund stationary projects that address air pollution without the adoption of additional chapters in the CAP Incentives Guidelines. Stationary source projects are not restricted to those communities with a CERP ~~Community Emissions Reduction Programs. Air districts that received allocations of CAP Incentives in fiscal years 2018-2019 and 2019-2020 and that receive allocations in subsequent fiscal years from budget appropriations with similar legislative direction may utilize this chapter to fund stationary source projects provided all applicable criteria in the CAP Guidelines are met~~.

CARB will continue to work with air districts to refine the streamlined approval process to achieve the goals and requirements of both AB 617 and the enabling funding legislation.

B. Evaluation Process

~~1. Evaluation Process.~~

Prior to funding a project category type, an air district is required to develop a category plan with funding criteria referred to herein as a Project Plan. The funding criteria must be similar to those for other categories in the CAP Incentives or Moyer Guidelines. For example, some districts developed their own ~~Lawn & Garden~~ air filtration Project Plans which are similar to the ~~schools Lawn & Garden~~ existing air filtration criteria in Chapter 5 of these Guidelines, yet unique enough to meet the specific needs of their community.

A Project Plan must contain all the criteria outlined in this chapter in addition to criteria described in Chapters 2~~: Guiding Principles~~ and ~~Chapter~~ 3~~: Program Administration~~, as applicable. Air districts must develop a Project Plan with sufficient information for CARB staff to determine general compliance with AB 617, CCI Funding Guidelines, and other legislative requirements.

Air districts must also ensure a Project Plan follows the CAP Incentives requirements for process transparency and accountability to communities. Where a Project Plan may address a source already covered by other chapters of the CAP Incentives Guidelines (e.g., ~~a mobile source measure in a Community Emissions Reduction Program~~ projects to incentivize cleanup of hexavalent chromium emissions in a particular air district's chrome plating facilities that diverge from CARB's existing criteria in Chapter 4 of these Guidelines), CARB staff may request the air district ~~to~~ provide additional justification for points of difference. Air districts must obtain final approval of a Project Plan from CARB staff prior to implementation. The list of approved Project Plans will be posted on CARB's CAP Incentives website or other publicly accessible location as appropriate.

The evaluation process, as outlined below, is structured to ensure transparency and to facilitate an expedited review and approval of a Project Plan. Air districts are encouraged to discuss any potential Project Plan with CARB staff in a project scoping meeting prior to formal submission.

1. **Scoping Meeting.** Air district should meet with CARB in a project scoping meeting.
2. **Project Plan Submission.** Air district must submit a proposed Project Plan.
3. **Initial Review.** CARB reviews Project Plan for completeness~~,~~ and provides preliminary comments to air district.
4. **Subsequent Follow-up and Additional Review.** If necessary, air district submits additional information in response to comments and CARB conducts additional review.
5. **Final Review.** Once CARB deems the Project Plan ~~is deemed~~ complete, CARB has ~~60~~ 30 days for review and approval/denial.
6. **Approve or Deny Project Plan.** The approval notice will include a short narrative of the actual project, identification of the air district, the affected community, and other details ~~as~~ considered pertinent. A similar notice would be provided in the event of a project denial. The notices will be posted on CARB's CAP Incentives website or other publicly accessible locations as appropriate for accountability and transparency.
7. **Publish Approved Plans.** Once CARB notifies an air district of a Project Plan's approval, the air district must publish their approved Project Plan in a publicly accessible location on its website. CARB will list all approved Project Plans ~~will be listed~~ on the CAP incentives website or other

publicly accessible locations as appropriate with a link to the air district's ~~webpage~~ Project Plan. Approved Project Plans can serve as a reference for other air districts to use when creating and submitting Project Plans, which may streamline the evaluation and approval process (e.g., air districts could use project details from an approved plan in their own plan). Air districts would still be required to address community-specific issues such as establishing community support ~~from the Community Steering Committee or responsiveness to an approved Community Emissions Reduction Program~~.

8. **Incorporate into Policies and Procedures.** Air district includes approved Project Plan in the air district's Policies and Procedures ~~for CAP Guidelines~~.

C. General Criteria

~~1. General Requirements for All Project Plans~~

~~The general requirements for Project Plans are listed below. In addition to the general requirements, specific requirements for stationary source projects and community-identified projects are listed in Sections D and E, respectively.~~

1. The existing stationary equipment/source must be located in California, and the owner must not be subject to the requirements of the Cap-and-Trade Program ~~California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation, title 17, California Code of Regulations, Sections 95801-96022~~.

2. All projects must conform to the requirements in Chapters 2~~: Guiding Principles,~~ and 3~~: Program Administration~~, and Sections B through D of this chapter.

3. Air districts may not begin implementing projects according to a Project Plan until CARB approves that plan, though CARB may grant exceptions in cases where an air district substantiates both the need for swift action, and clearly documented support from the relevant community.

4. Participating air districts retain the authority to impose additional requirements to address local concerns.

5. Projects must address stationary sources of air pollution.

6. Projects must reduce emissions of and/or limit exposure to criteria air pollutant and/or TAC emissions by replacement of equipment.

7. Projects must reduce emissions beyond existing requirements or in advance of regulatory deadlines. Air districts must clearly identify all federal, State, and local rules/regulations that apply, the existing regulatory requirements, and the effective dates of those requirements.

D. Project Identification

1. ~~Identification of whether the Project Plan is applicable to stationary source or community-identified projects. If applicable~~ Air districts should include ~~to stationary source projects,~~ the source classification code or unit type code (if available) ~~should be included~~ in the project's description. The source classification code or unit type code can be in the form of related permits or emission inventory code associated with each emission source. ~~If applicable to the community identified projects, the specific Community Emissions Reduction Program strategy must be indicated, and Section E also applies in addition to Sections C.1. to C.9. of this chapter.~~

2. Air districts must include a broad description of the ~~category~~ project category ~~with~~ that includes identification of specific benefits.

   Examples:

   - *Replacement: A new category allowing the air district to replace an older ~~vehicle or~~ piece of equipment like a stationary diesel generator ~~that includes an engine with remaining useful life is replaced~~ with a new ~~vehicle or~~ piece of equipment and then scrapping the older ~~vehicle and~~ equipment ~~are scrapped~~.*

   - *Process Improvements: Improvements to processes that will result in emission or exposure reductions or related qualitative ~~co-~~benefits beyond those required by regulation. This may include removal of emissions, capture of emissions, redirection of emissions away from sensitive receptors, efficiency improvements that result in a reduced need to produce emissions in the first place, and other such strategies as applicable.*

E. Community Support

1. Air districts must show that projects reflect the ~~priorities~~ needs of ~~the~~ affected communities. ~~Ultimately, the community itself will be the judge of whether an air district has successfully demonstrated the community's~~

~~support for a project category type.~~ A crucial component to establishing community support for projects is ensuring ~~the~~ community members have sufficient opportunities to voice their concerns/support at public meetings. Each Project Plan must include a description of the mechanism by which air districts demonstrate community support ~~is demonstrated~~ and information regarding the community group(s) (e.g., schools, civic group, senior groups, etc.). The information should include, but need not be limited to, the following:

(A) Name(s) of the community group(s).

~~(B) Purpose of community group(s).~~

~~(C) Total number of members in the community group(s).~~

~~(D) Date(s) of formation/establishment.~~

(B) A description of the group's decision-making process must be included. If the community group has a governing board, the Project Plan must include a summary of the voting process.

(C) Air districts may include documentation such as letters, emails, meeting minutes, and other public outreach documents ~~may be submitted~~ to demonstrate support. ~~Additionally,~~ Air districts can also identify individual factors in CalEnviroScreen that most impact a disadvantaged or low-income community, refer to the list of common needs in Table 5 of the CCI Funding Guidelines, and select a need that has documented broad support from local community groups.

2. Air districts must include in the Project Plan a description of the mechanism by which they will inform community members ~~will be informed~~ about project details including dollars spent and project ~~associated~~ benefits ~~need to be outlined in the Project Plan~~.

F. Participant Requirements

1. Air districts must identify who is eligible to apply for or receive a grant for a project under the category.

   Example:

   - *Public and private entities that own stationary source equipment or are authorized to make modifications to stationary sources are eligible to apply.*

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2. Air districts ~~must~~ should identify all relevant participant requirements. Participant requirements should include, but are not limited to including, the following:

   (A) Meet and maintain compliance with all federal, State, or local requirements applicable to the project category.

   (B) Have authority to make any necessary modifications to the engine, equipment, facility, source, or other relevant pieces of property.

   (C) Show proof of regulatory compliance and/or valid operating permit.

   (D) Maintain the funded technology to manufacturer's specifications during the entire contract period.

   (E) May not claim emissions reduction credits under applicable rules or regulations from project during the entire contract period.

   (F) Comply with local air district requirements during the contract period, such as monitoring and reporting requirements.

   (G) If applicable, ensure permits for the equipment/source remain up-to-date and all permit requirements are met during the contract period as required by the air district.

   (H) Make the project available for inspection if requested by air district and/or CARB staff during the contract period.

3. Air districts ~~must~~ should obtain written proof of any required certification/verification by the U.S. EPA or CARB for any technology that reduces emissions. ~~Zero-emission technology that does not have a certification process will be considered on an individual basis. Community-identified projects that are demonstrating technology that is not yet verified must meet the requirements outlined in Section E.2.(E).~~

G. Funding Amounts

1. Air districts must specify the maximum funding amount for each type of project in a ~~category~~ Project Plan. This must include clearly defined factors that will affect the incentive amount offered for each project. Factors may include one or more of the following:

   (A) Total dollar cap.

   (B) Maximum percentage of eligible cost.

(C) Cost-effectiveness cap determined by the air district and affected communities.

(D) Usage.

2. Air districts should consider limiting funding amounts to the incremental cost of projects, i.e., the cost of a project incurred beyond the normal course of business for an applicant.

3. If applicable, Project Plans should include a list of eligible and ineligible costs for the project category type.

4. Air districts must include a description of the anticipated project life and the factors used to determine that project life.

H. Project Selection

1. The air district's criteria for project selection must be documented in the Project Plan.

2. The selection process for individual projects in the Project Plan is at the discretion of the air districts, but all criteria in the approved Project Plan, AB 617, and the applicable funding source must be met.

I. Reporting Requirements

Air districts are required to collect and report all information as outlined in Chapter 3, Section H~~: Reporting~~.

J. Quantification of Emissions Reductions

1. If CARB staff have approved a methodology to quantify the criteria air pollutant or TAC emissions reductions for a project category type, then the air district should refer to that methodology in the Project Plan.

2. If there is not yet a CARB-approved methodology to quantify emissions reductions for a project category type, then the air district should work with CARB to develop one that can be included in the Project Plan. CARB staff encourages air districts to consult one another on development of any quantification methodology needed for a category of common interest. This will expedite the review and approval process and enable use by multiple air districts.

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K. Qualitative Benefits

3. As outlined in the CCI Funding Guidelines, air districts must identify applicable qualitative benefits ~~(co-benefits)~~ of the project category type. These benefits may include social, economic, and environmental benefits. Examples include, but are not limited to, the following:
   (A) Fostering job creation.
   (B) Improving air quality.
   (C) Lessening the impacts and effects of climate change.
   (D) Improving connectivity between travel modes.
4. Where applicable, air districts are encouraged to work together to identify standard qualitative benefits for project categories of common interest.
5. If a qualitative benefit is not identified as an established benefit in the CCI Funding Guidelines, CARB staff will need to approve it prior to inclusion in a Project Plan. CARB approval will be based on impacts to the environment, local health concerns and impacts, and socioeconomic factors.
6. Projects must reduce exposure beyond all applicable rules, regulations, or standards. Air district must identify the exposure metrics used for the project category.
7. Project categories should include a cost-benefit calculation or benchmark, and a threshold if applicable.
8. Air districts are encouraged to use existing cost-effectiveness methodologies from relevant programs (e.g., the ~~Carl~~ Moyer Program) or existing cost-benefit analyses where applicable. A cost-benefit calculation should include the following elements:
   (A) Sufficient information for calculation of costs and benefits of projects within the category such that two projects may be compared or ranked, to determine the relative benefit per dollar expended. Where possible, a benchmark figure for comparison of relative values should be determined.
   (B) Consideration of any applicable emissions benefits. Consideration may include, but need not be limited to, reductions of NOx, ROG, and PM.

9. All supporting documentation used to derive cost-benefit calculations, benchmarks, and thresholds must be included in the Project Plan.

10. When reviewing costs, benefits, and quantification methodologies, CARB staff will consider whether there are already existing programs or measures that can be used as benchmarks. In cases where another air district has identified additional benefits beyond those established for a similar project, CARB staff will evaluate whether a subsequent air district should quantify those same benefits.

L. Inspection Requirements

1. Air districts must identify pre- and post-inspection criteria for the project, if applicable.

2. Air districts are encouraged to use existing pre- and post-inspection criteria from relevant programs (e.g., the Moyer Program) where applicable.

3. For projects involving the replacement of engines or equipment, pre-inspection must verify the operational condition of the existing engine or equipment. Post-inspection of the engine or equipment to be replaced must be completed prior to the disbursement of funds to the grantee.

4. Pre- and post-inspections of engines or equipment may be conducted through digital means so long as they meet all the criteria requirements outlined in Chapter 3, Sections R and S.

M. Engine or Equipment Destruction Requirements

1. Emissions reductions may only be considered ~~SIP-~~creditable to the State Implementation Plan if the Project Plan includes an applicable CARB-approved emissions reduction quantification methodology that ensures reductions are surplus, quantifiable, enforceable, and permanent.

2. Air districts that include destruction of an engine or equipment as an element of a Project Plan must identify the required items for the pre- and post-inspections. Air districts must verify the existing engine or equipment is destroyed and rendered permanently inoperable and irreparable consistent with previously stated requirements. Air districts must also verify and document through photographic or video evidence that the destroyed engine or equipment is consistent with the project contract.

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N. Modifying Existing Approved Project Plans

3. Upon CARB's approval, an air district may adopt and/or revise a Project Plan that CARB has previously approved.

4. Scope of revisions include, but need not be limited to, any combination of the following:

   (A) Expanding an existing Project Plan previously submitted by that air district for use in additional selected communities.

   (B) Adopting an existing Project Plan submitted by another air district.

   (C) Modifying elements within an approved Project Plan based on new guidance from communities.

5. Air districts may view a listing of all Project Plans approved by CARB on CARB's *Stationary Source and Community-Identified Projects* webpage.

6. Air districts must use the *Request to Use or Modify Approved Community-Identified or Stationary Source Project Plans* form and submit to CARB staff for approval prior to implementing any projects.

7. CARB will review and approve submitted forms in a manner consistent with Section B of this chapter.

~~O. Additional Required Information for Stationary Source Projects~~

~~1. General Criteria.~~

~~(A) The existing stationary equipment/source must be located in California, and the owner must not be subject to the requirements of the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation, title 17, California Code of Regulations, sections 95801-96022.~~

~~(B) All projects must conform to the requirements in Chapter 2: Guiding Principles, Chapter 3: Program Administration, and Sections B through D of this chapter.~~

~~(C) Participating air districts retain the authority to impose additional requirements to address local concerns.~~

~~2. Project Criteria.~~

~~(A) Projects must address stationary sources of air pollution.~~

~~(B) Projects must reduce emissions of and/or limit exposure to criteria air pollutants and/or toxic air contaminants (TACs) by replacement of equipment.~~

~~(C) Projects must reduce emissions beyond existing requirements or in advance of regulatory deadlines. Air districts must clearly identify all federal, State, and local rules/regulations that apply, the existing regulatory requirements, and the effective dates of those requirements.~~

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CHAPTER 8: LOCAL AGENCY PARTNERSHIP PROJECTS

A. Introduction

Partnerships with local and regional entities are an important component of the development and implementation of a CERP, and even statewide air districts must often partner with other agencies to address its communities' priority concerns regardless of whether CARB has selected a community for development of a CERP. Local jurisdictions, municipalities, as well as local and regional transportation agencies, are key partners that make land use and transportation decisions and implement sustainable transportation measures and infrastructure projects, such as route planning and safety related measures.

Local agency partnership projects should aim to build community capacity, increase engagement between the community, air district, and relevant local and regional agencies, and inform complimentary and subsequent exposure reduction strategies. Local agency partnership project funds can be used to support implementation of identified actions through research contracts, project costs, and cost sharing with cities or local partners. Examples of local agency partnership projects include, but are not limited to, studies to inform infrastructure planning for bicycle and pedestrian modes, route identification and planning for truck and freight goods movement, and support for measures to increase access to public transit.

B. Related Approved Air District Project Plans

1. Truck Rerouting Study submitted by San Joaquin Valley Air Pollution Control District.

C. Projects Eligible for Funding

1. Eligible local agency partnership projects include, but are not limited to:
   - (A) Research contracts to support local sustainable transportation planning.
   - (B) Cost-sharing for planned or existing active transportation projects.
   - (C) Land-use related exposure reduction measures.

2. Projects must be located within the boundary of an AB 617 community and meet eligibility requirements described in the introduction of this Chapter.

D. Eligible Participants

Eligible participants include cities, counties, transportation agencies, publicly owned municipalities, and other local government agencies.

E. Participant Requirements

1. Participants may request payment on a reimbursement basis and must first demonstrate that they have met project milestones specified in the project's contract and/or scope of work.
2. Participants must agree to terms set by the air district in the grant contract, including project milestones, scope of work, and solicitation and hiring requirements should the project require the services of a subcontractor.
3. Participants must agree to participate in public meetings in order to receive feedback and guidance from the affected community.
4. Participants must demonstrate that projects reflect priorities identified by the affected community.

F. Project Life

The minimum project life is one year, but air districts must set the project life for projects at a value consistent with the project's intended scope of work. For example, an air district partnering with a local county agency to implement a CERP strategy relating to land-use practices may choose to set the project life at five years, consistent with the general timeline for implementing a CERP required by AB 617.

G. Maximum Eligible Funding Amounts

Participants are eligible to receive up to 100 percent of the eligible cost of projects.

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H. Eligible Costs

Eligible project costs include, but need not be limited to, the following:

1. Supplies, equipment, and materials.
2. Research products (including technical reports, white papers, or public data).
3. Labor and construction (including contracted services, mobilization, and traffic control).
4. Meetings, signs, and interpretive aids communicating information about the project.
5. Reimbursement of subcontractors employed on behalf of participating local agencies to perform needed work.

I. Ineligible Costs

Ineligible costs include, but may not be limited to, the following:

1. Direct project implementation costs, as defined in Chapter 3, Section E.1.(A), associated with the participant's normal business operations. For example, this would include the cost of performing duties the participant is already statutorily mandated to perform and in the manner in which they would normally perform them.
2. Indirect project implementation costs, also referred to as administrative costs, as defined in Chapter 3, Section E.1.(B), and incurred by the participant in the normal course of business operations, such as costs of renting office space or printing and mail services that are not directly and fully incurred to support the project.

J. Project Eligibility Criteria

Projects must contain a scope of work, specific project milestones, and whether or not the project will result in any emissions reduction, exposure reduction, or other qualitative benefits, if applicable.

K. Post Inspection

1. If a project's scope of work includes the purchase of any equipment, the air district must post-inspect such equipment to ensure it's operational

and working as intended. The air district may stipulate the specific elements of the inspection in the project contract depending on the nature of the equipment, but should include the following elements as applicable:

(A) cataloging relevant equipment details such as serial numbers, manufacturers, or make and model.

(B) Photographing the equipment to show pertinent details, consistent with what the air district catalogs in subsection (A), above.

2. For work products such as research or policy documents, reports, technical information, or similar kinds of project deliverables, air districts must review such documents to ensure they meet the project's needs stipulated in its scope of work or project contract.

L. Air District Requirements

1. Air districts must show that projects reflect priorities identified by the affected community. Note that the affected community need not have adopted an approved CERP for an air district to implement these projects.

2. Air districts must ensure the scope of work and project contract includes demonstration of community support for the project and must include opportunities for community members to voice their concerns/support at public meetings. Air districts should design and implement these projects in partnership with the relevant community.

3. Air districts must reimburse participants as stipulated in the project contract or scope of work in a timely manner, provided that the air district deems the participant has completed the project.

M. Reporting Requirements

1. Air districts are required to collect and report all information as outlined in Chapter 3, Section H.

2. Participants must ensure that project-related information is complete, correct, supported by documentation, and supplied to the air district upon request for the preparation of reports. This documentation must also be made available to CARB staff upon request.

N. Emission Reductions and Quantification Methodology

1. The product of local agency partnership projects can take the form of recommendations to inform existing local measures and/or complimentary subsequent exposure reduction strategies identified in CERPs. Therefore, these projects may not necessarily have direct emission reduction or exposure reduction benefits. Air districts should articulate the qualitative benefits, such as improving the health and well-being of the residents or increasing access to cleaner transportation and healthier alternatives, in the project's scope of work or contract. Projects should also describe and outline pathways for implementing recommendations or outputs from the project, and the method by which the air district and participant will share that information with members of the affected community.

2. The CCI Funding Guidelines Benefit Criteria Tables do not identify a qualitative benefit for this measure. However, should the results of a local agency partnership projects result in recommendations to reduce resident's exposure to emissions which are subsequently implemented, this measure may have direct emissions benefits. Any analysis of proposed targets should include the potential for shifting emissions to another community or resulting in a significant impact to regional air quality through an increase in vehicle miles traveled (VMT). Any benefits, presented in the form of recommendations and as described above must be adopted and implemented by the responsible entities to achieve the expected reductions in exposure within the community.

3. Air districts may choose to use an approved CARB quantification methodology, if applicable. For example, if the project includes emission reduction targets or benefits, the proposal should use the CARB Quantification Methodology for the Sustainable Transportation Equity Project (STEP). Active Transportation is the calculation of emission reductions from displaced autos. The air district will calculate bicycle, pedestrian, and complete streets infrastructure (e.g., crosswalks, sidewalks, bikeways) using the Active Transportation calculation methodology used for STEP.

CHAPTER 9: DIAL-A-RIDE VEHICLE REPLACEMENT PROJECTS

A. Introduction

Dial-A-Ride services are innovative transit services that provide door-to-door transportation within city limits and extend to outer-city areas. This is a low-cost transportation option for community residents and visitors including the elderly and those with limited mobility. Replacing gasoline powered transit vehicles is important to reduce the public's exposure to pollutants that negatively impact human health, especially for sensitive populations such as children and the elderly. Overburdened communities often lack the infrastructure to support zero-emission vehicles and the transportation needs of the community. Zero-emission transit vehicles would enable residents to continue using Dial-A-Ride services while also reducing emissions.

B. Related Approved Air District Project Plans

1. Transit Vehicle Replacement Program for Dial-A-Ride Emission Reduction Program Plan submitted by San Joaquin Valley Air Pollution Control District.

C. Projects Eligible for Funding

Projects to replace old transit vehicles operated by an existing Dial-A-Ride service with a new zero-emission or plug-in hybrid vehicle is eligible for funding.

The Dial-A-Ride replacement vehicles must have a gross vehicle weight rating (GVWR) of 6,001 pounds or greater, but the actual GVWR will depend on the specific needs of the community being served.

Dial-A-Ride includes on-demand shuttles and circulators, paratransit services, and private sector transit solutions commonly referred to as "microtransit." Microtransit services are demand-responsive (routes and/or frequency of service are determined dynamically based on customer demand) and capable of serving multiple riders simultaneously (not only a single rider service).

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D. Eligible Participants

Eligible participants include any public agency or entity that provides door-to-door transportation services within city limits and extending to outer-city areas, or other microtransit services described above.

E. Participant Requirements

1. The participant must meet the following requirements:
   - (A) Must currently operate a Dial-A-Ride service that provides service within the air district.
   - (B) Must have owned the old vehicle(s) for the past 24 months at minimum.
   - (C) Must not purchase, make down payments, or take possession of the new vehicle(s) under funding consideration prior to an executed grant agreement.
   - (D) Must be in compliance at the time of application and continue to be in compliance with applicable local, State, and federal rules and regulations.
   - (E) Must agree to operate and maintain the new vehicle(s) for the duration of the project life.
   - (F) Must remain the owner of the new vehicle(s) for the life of the project.
   - (G) Must agree to comply with all the air district's General Provisions and Insurance Requirements.
   - (H) Must submit annual reports with copies of current registration and insurance to the air district through the full project life, as well as comply with recordkeeping and audit requirements.
   - (I) Must agree to surrender the old and operational vehicle(s) to an air district approved dismantler for scrapping.
   - (J) Must properly maintain the new vehicle(s) in good operating condition and according to manufacturer's recommendations.
   - (K) Must agree to allow the air district, CARB, or their representative(s) to inspect the new vehicle(s) upon request at any time for the duration of the project life.

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F. Dismantling Requirements

1. The participant must surrender their existing vehicle(s) to a participating dismantler with which the air district has entered into an agreement, and the dismantler must permanently destroy the vehicle(s) within 60 calendar days of the dismantler's receipt of the vehicle.
2. The existing vehicle(s) specified in the application must be dismantled and may not be substituted with different vehicles.

G. Project Life

The project life is three years. This project life is based on the expectation that the participant will operate the new vehicle(s) for a minimum of three years.

H. Maximum Eligible Funding Amount

Funding will cover up to 100 percent of the eligible cost of replacing polluting transit vehicles with new electric or plug-in hybrid vehicles. For the replacement plug-in hybrid vehicles, the funding will cover up to $40,000 of the eligible costs. There are no minimum match requirements for participation.

I. Eligible Costs

Eligible project costs include the following:

1. Purchase of new vehicles.
2. Extended warranty for new vehicles.
3. Vehicle wraps, designs, stickers, etc. for Dial-A-Ride services.
4. Freight, sales tax, and registration fees.
5. Wheelchair lifts or other features designed to assist mobility-impaired persons.

J. Ineligible Costs

Ineligible project costs include the following:

1. Used or refurbished vehicles.
2. A chassis that has been modified with aftermarket parts or equipment to create a zero-emission vehicle.

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K. Project Eligibility Criteria

1. Existing vehicle requirements include, but are not limited to, the following:
   (A) Existing vehicles must be powered by gasoline, diesel, or a gas- or diesel-alternative fuel.
   (B) Existing vehicles must have a GVWR of at least 6,001 pounds.
   (C) Existing vehicles must be owned by the participant.
   (D) Existing vehicles must have been registered within California for the past two years from the date of grant agreement execution.
   (E) Existing vehicles must remain registered until the replacements are placed into service.
2. Replacement transit vehicle requirements include, but are not limited to, the following:
   (A) Replacement vehicles must be zero-emission (for example, battery-electric vehicles) or plug-in hybrid, and the technology must be approved or verified by CARB with an approved CARB Executive Order.
   (B) Must be purchased new.
   (C) Replacement vehicles must seat a minimum of six passengers excluding the driver.
   (D) The replacement vehicles must have a GVWR of at least 6,001 pounds.

L. Post Inspection

1. The air districts must verify replacement vehicles meet emission standard and application information and must verify that they are fully operational.
2. The aid district must perform post-inspection before replacement engine/vehicle is delivered, and prior to payment being issued.

M. Air District Requirements

1. To implement the Dial-A-Ride Vehicle Replacement project, air districts must incorporate this project subcategory into their existing Policies and

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Procedures. Air districts may choose to incorporate additional requirements or requirements that are more stringent than those contained in this chapter.

2. Air districts are responsible for ensuring all requirements for CAP Incentives are met.

3. Reimbursement: To ensure that an application package is complete, the following items must be included and complete prior to reimbursement:

   (A) Signed and complete application and fully executed contract.

   (B) Documentation showing that the existing vehicle is roadworthy.

   (C) Digital photographs of the existing vehicle and the replacement vehicle. If a contractor conducts any inspections, the air district will specify the required digital format. Reimbursement will not be processed until all photographs are received and verified by the air district. All photographs must be clear, and any Vehicle Identification Number (VIN) and engine or motor serial numbers must be legible.

      (1) Photographs of the old vehicle must include the following views:

         a. Right side, hood down.

         b. Front, hood down.

         c. Left side, hood down.

         d. VIN tag (inside vehicle or on frame rail).

         e. Engine serial number and engine information (make, model year, engine family), if available. Information may be on a tag or stamped on the engine block.

         f. License plate.

         g. Left and right sides of engine.

      (2) Photographs of the replacement vehicle must include the following views:

         a. At least one side of the vehicle.

         b. VIN tag (inside vehicle or on frame rail).

         c. Engine serial number and engine information. Information may be on a tag, stamped on the engine

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block, or stamped on the primary motive power components.

d. License plate.

e. Odometer reading.

f. Left and right sides of engine (or primary motive power components).

(D) Documentation of replacement vehicle warranty and registration, if applicable.

(E) Proof of project financing: The financing package will enable the air district to determine the reimbursement costs that may be accrued in case the participant defaults on the contracted performance requirements. Proof of project financing can be a document showing the lender and the amount loaned, which at a minimum is a copy of the check given to the dealer equal to the portion of the project that was not Program funded. Proof of project financing is always required unless the grantee paid cash for the portion of the project that was not Program funded.

(F) Proof of sale after the application and all required documentation have been approved by the air district.

(G) Copy of title of existing vehicle. For replacement projects, the title must be signed and dated by the applicant.

4. A third party (e.g., zero-emission vehicle dealer or distributor) may complete an application or part of an application on an owner's behalf only if the vehicle owner signs and agrees to the application. Applications must include a signature section for third parties. The third-party signature section must include signature and date lines, and sections for the third party to disclose how much they are being paid, if anything, to complete the application and the source of funds used to pay them. To make the Program accessible to all potential applicants, including those that cannot afford to hire third party assistance, air districts are encouraged to provide assistance to applicants.

5. Air districts must ensure the vehicle and engine are scrapped within 60 calendar days of the dismantler's receipt of the vehicle. This must be confirmed through post-inspection by the air district or an air district approved contractor. The destruction of the old vehicle and engine must be properly documented in accordance with the Program requirements.

If there is a delay in destruction of the old vehicle, the air district must document the communication and reasoning for the delay from the dismantler in their project file while working with the dismantler to ensure the vehicle is destroyed according to guideline requirements as soon as is feasible.

N. Reporting Requirements

The air district and participant must comply with the requirements described in Chapter 3, Section H of the CAP Incentives Guidelines. This will involve the preparation of semi-annual and yearly reports, which the air district will prepare based on information collected from the applicant and program participants.

O. Emissions Reductions and Quantification Methodology

CARB developed the Clean Mobility Options Quantification Methodology[61] to provide guidance for reporting emission reduction information utilizing the CARB-approved methodology for Clean Mobility Options under the Innovative Transit service type and Vehicle Replacement project type as defined in Section B of the Clean Mobility Options Quantitative Methodology.

Applicants must use the CARB Clean Mobility Options Benefits Calculator Tool,[62] available on its webpage, to determine the emissions reduced by each Dial-a-Ride transit vehicle. The emissions reductions will utilize current Dial-a-Ride vehicle inputs from the applicant and shall be calculated using Equations 11, 12, and 13 as applicable from Section C. Emissions Reductions from Vehicle Replacement of the Clean Mobility Options Quantification Methodology.

More specifically, equation 11 calculates the annual emissions associated with the baseline and new vehicles. Equation 12 calculates the emissions associated with the baseline and new vehicles. Equation 13 estimates both the GHG and air pollutant emission reductions from vehicle replacement as the difference between the emissions associated with the baseline vehicle and emissions associated with the new vehicle.

[61] *Clean Mobility Options Quantification Methodology*. (2020).

[62] California Air Resources Board. *Benefits Calculator for the Clean Mobility Options Voucher Pilot.* (2024). https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/carb_cmo_tool_final_090120.xlsx.

CHAPTER 10: COMMUNITY GREENING AND VEGETATIVE BARRIERS

A. Introduction

This chapter is designed to promote the use of natural solutions to mitigate air quality impacts through projects like community greening and vegetative barriers. Community greening may include planting trees or vegetative barriers in the community to reduce GHG emissions and provide several key qualitative benefits. An example of qualitative benefits that community greening projects will have on the community includes providing shade to sidewalks and streets, which can encourage active transportation by making it more comfortable to walk or bike in those areas. This can improve the health and well-being of the community. Community greening can also shade buildings and reduce energy consumption by lessening the load on air conditioning systems. When native and/or drought-resistant vegetation is planted and maintained using water efficient irrigation methods, green space projects can reduce water usage.

B. Related Approved Air District Project Plans

1. Urban Greening Program submitted by Imperial County Air Pollution Control District.
2. Vegetative Barriers and Urban Greening Emission Reduction Program Plan submitted by San Joaquin Air Pollution Control District.

C. Projects Eligible for Funding

1. Air districts will evaluate community greening and vegetative barrier projects competitively. Grants will be awarded on a competitive solicitation basis using the project selection criteria described in Section J of this chapter.
2. Community greening: Eligible projects will:
   (A) Reduce GHG emissions, mitigate the effects of extreme heat, and provide multiple qualitative benefits~~,~~ including, but not limited to, a decrease in air and water pollution or a reduction in the consumption of natural resources and energy.

(B) Result in the conversion of an existing built environment into green space that uses natural and green infrastructure approaches to create sustainable and vibrant communities.

(C) Maximize opportunities to reduce GHG emissions through project design and implementation as well as incorporate green infrastructure solutions that improve the sustainability and function of existing metropolitan hardscapes and landscapes.

3. For vegetative barriers, projects will utilize the design elements and concepts contained in the U.S. EPA's Recommendations for Constructing Roadside Barriers to Improve Near-Road Air Quality (Exhibit A),[63] including barrier height, thickness, porosity, and length.

D. Eligible Participants

Eligible participants include individuals, non-profit businesses or entities, or tribal governments. Public and private entities are eligible to apply. Public agencies or entities include, but are not limited to, State, metropolitan, county, city, multi-county special districts (e.g., Green Improvements/Benefit District, Flood Control District, etc.), school districts, universities, and federal agencies and organizations. Private entities include, but are not limited to, private organizations and corporations.

Air districts or other entities receiving administration funding through the program are not eligible applicants.

E. Participant Requirements

Participants must meet the following criteria to be eligible for funding:

1. Participant must be the owner of the land or have authority from the owner of the land where the vegetative barrier or urban community greening project will be planted.

2. Participant~~s~~ must operate and maintain the community greening or vegetative barrier project for a period of:

   (A) At least 10 years for Grants up to $100,000.

[63] U.S. EPA. Recommendations for Constructing Roadside Vegetation Barriers to Improve Near-Road Air Quality. (2023). https://www.epa.gov/air-research/recommendations-constructing-roadside-vegetation-barriers-improve-near-road-air.

(B) At least 20 years for Grants up to $1 million.

(C) At least 25 years for Grants over $1 million.

This includes tree maintenance, up to and including removal and replacement of dead trees.

3. Participants must consider baseline air monitoring data available through AB 617 and other state funded air monitoring projects in the selection, design, and characterization of the benefits of the vegetative barrier project(s).

4. Participants must make the project available for inspection if requested by the air district or CARB staff during the entire contract period and three years after the contract period.

5. Participants are responsible for contacting the County Agricultural Commissioner's Office before obtaining any plant material originating from outside the respective county to ensure they meet all requirements for movement of plant material into the respective county.

6. Participants are responsible for ensuring that trees are purchased, planted, and maintained to the specifications provided in Appendix F of CAL FIRE's Urban and Community Forestry Grant Guidelines.[64]

7. Where feasible, participants must provide public access to the planted materials.

8. All property taxes where the community greening or vegetative barrier project will be located must be current at the time of application.

9. Participants must obtain permits for community greening or vegetative barrier projects as required by local, regional, State, or federal agencies before approval.

10. Participants must ensure that all work performed on community greening or vegetative barrier projects complies with the California Environmental Quality Act and all other applicable statutes, rules, and regulations.

[64] CAL FIRE. *Urban and Community Forestry Grant Guidelines.* (2022). https://34c031f8-c9fd-4018-8c5a-4159cdff6b0d-cdn-endpoint.azureedge.net/-/media/calfire-website/what-we-do/grants/urban-and-community-forestry/urban-forestry-grants-project-applications-forms-and-information/grant-guidelinesgreen-schoolyards322.pdf?rev=02f2214bf26c4ef397b2e70b5ac9e8ad&hash=F5A38AA2A98E7D699AC33EF0D50E3143.

11. Participants or their sponsor must demonstrate the financial capacity to complete, operate, and maintain the project.

12. Any funds required from other sources must reasonably be expected to be available in the time frame needed to carry out the project.

13. Air districts may choose to require participants to incorporate anti-displacement measures where applicable. Participants may use the Greening without Gentrification Guide[65] for more information on anti-displacement measures.

F. Project Life

Participants must maintain the funded green spaces and comply with all project requirements for a minimum of five years.

G. Maximum Eligible Funding Amounts

1. The grant amount will cover up to 100 percent of eligible costs.

2. Participants must solicit for and select replacement community greening and vegetative barriers project materials and suppliers through a competitive bidding process. The air district must ensure that all costs are reasonable and applicable.

3. Projects must be prioritized based on the project selection criteria described in Section J.3 of this chapter.

4. Payments will be made on a reimbursement basis. The participant pays for services, products, and supplies, submits invoices and proof of payment, and is then reimbursed. If the applicant is unable to carry the financial responsibility of a reimbursement program on their own, they may partner with a local public agency or 501(c)(3) non-profit.

5. **Eligible Costs.**

   (A) Initial Study.

   (B) Supplies and materials.

   (C) Labor and construction.

   (D) Contracted services.

[65] *Greening without Gentrification: Learning from Parks-Related Anti-Displacement Strategies Nationwide.* (2019).

(E) Signs and interpretative aids communicating information about the project.

(F) Up to 25 percent of the grant request may be budgeted for non-construction costs, including, but not limited to, design, permitting, outreach, project specific anti-displacement strategies, and direct project administration and management.

(G) Up to 10 percent of the grant request may be budgeted for contingency costs.

(H) Routine maintenance and rehabilitation over the life of the project are eligible for funding, so long as such costs are accounted for and relevant purchases made after contract execution but prior to project completion.

6. **Ineligible Costs.** Ineligible costs include overhead (i.e., rent, utilities, office equipment/supplies).

H. Project Eligibility Criteria

The minimum qualifications for community greening and vegetative barrier projects are listed below. All projects must also conform to the requirements in Chapters 2 and 3. Air districts retain the authority to impose additional or more stringent requirements to address local concerns.

Projects must comply with the applicable provisions of the California Labor Code pertaining to Public Works projects (Labor Code Sections 1720-1861)[66] including Labor Code Section 1771.5 and those provisions requiring the payment of not less than the specified prevailing rate of wages as determined by the Director of the Department of Industrial Relations to workers employed in the performance of this project. Therefore, cost estimates should include prevailing wages, as applicable.

Where applicable, the air district shall monitor all agreements subject to reimbursement from this project type to ensure that the participant meets the provisions of Labor Code Sections 1720-1861.

7. Plants chosen for projects must conform to the following characteristics:

(A) Non-invasive.

(B) Roadway safety conformity (where applicable).

[66] California Labor Code Sections 1720-1861.

(C) Maximizes GHG reductions.

(D) Low-biogenic volatile organic compound emitting.

(E) Minimize allergenic pollen.

8. Participants and air districts should also consider the following additional parameters, as able and as applicable, when selecting plants:

(A) Native species.

(B) Non-poisonous.

(C) Perennial, annual, or mix.

(D) Drought resistance.

(E) Adaptive to local site conditions (i.e., soil and climate factors).

(F) Erect growth habit with stiff stems.

(G) Resistance to lodging and strong leaf retention.

(H) Tolerance to soil deposition.

(I) Density.

(J) Seasonal effects.

(K) Leaf surface.

(L) Air emissions.

(M) Pollution and stress resistance.

I. Post Inspection

See Chapter 3 of these guidelines for guidance on the necessary requirements for post-inspection.

The air district may make periodic visits to the project site and must pre-inspect and post-inspect the site and take photos of the greening space as well as individual species of plants that were planted.

The air district will determine if the work is consistent with the approved project scope and ensure all requirements have been met.

J. Air District Requirements

1. Air districts must meet the requirements in Chapters 2 and 3 of these guidelines.

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2. To implement community greening and Vegetative Barriers project, air districts must incorporate this project subcategory into their existing Policies and Procedures.

3. Air districts may choose to incorporate additional requirements or requirements that are more stringent than those contained in this chapter.

4. Air districts must create a process for handling competitively scored applications that includes the following elements:

   (A) Air districts will score projects in accordance with the scoring criteria described in Table 11-1, below. Air districts must include an outline on how points will be allocated for each scoring criteria category.

   (B) Air districts will use scores to determine an initial ranking of received applications and will discuss rankings in a public setting.

   (C) Air districts may consider additional factors including, but not limited to, economic benefits, significance, geographic distribution of funds, previous grant performance, overburdened community status, and other potential project benefits, as well as partial funding of projects.

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Table 11-1: Competitive Scoring Criteria

Scoring Criteria	Points Available
Cost-Effectiveness • $/ton GHG reduced • Other funding available to reduce cost	0-50
Exposure Benefits • Proximity to sensitive receptors • Siting near buildings to reduce energy costs • Siting on sidewalks to shade well-travelled areas	0-30
Co-Benefits • CAP emission reductions • Water and energy savings	0-15
Project Readiness • Timeliness of project implementation • Availability of external funding	0-5
TOTAL	0-100

K. Application Requirements

Participants should include, but are not limited to including, the following details in their applications for funding:

1. Project summary, including current site conditions and extent of public access for the proposed project.
2. Site plan.
3. Photographs of project site reflecting current conditions.
4. Cost estimate.

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5. Expected emissions reductions and qualitative benefit quantification, using the quantification methodology described in Section M of this chapter.
6. Species of plants or trees to be planted and environmental benefits of the selected species (e.g., if the species is native or drought-resistant). Selected plant species shall maximize GHG reductions and minimize emissions of biogenic volatile organic compounds and allergenic pollen, where possible.
7. Area of green space to be created or enhanced.
8. Type of irrigation systems included in the project.
9. Anticipated timing for the completion of preliminary design, environmental documentation, permitting, and long-term operation and maintenance commitments.
10. Assessor's parcel map.
11. Legal owners of each parcel within the project footprint.
12. Identification of project's fiscal sponsor, if applicable.
13. A commitment to provide annual status updates in the form of a photo update or a tree condition report to demonstrate that project maintenance is occurring throughout the contract period.
14. A commitment to provide photo documentation of the completed project (if grant is awarded).

L. Reporting Requirements

1. All projects must comply with the requirements described in Chapter 3, Section H of these guidelines.
2. This will involve the preparation of mid-cycle and yearly reports, which the air district will prepare based on information collected from project participants.
3. Applicants must ensure that project-related information is complete, correct, supported by documentation, and supplied to the air district upon request for the preparation of reports. This documentation must also be made available to CARB staff upon request.

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M. Emissions Reductions and Quantification Methodology

1. Participants must use CARB's Urban Greening Benefits Calculator Tool[67] to determine the GHG emissions reduced by each community greening project. Project benefits are calculated over a 40-year period. To ensure these benefits are realized, all projects must be maintained for a five-year project life, period during which newly planted trees are vulnerable.
2. Participants must fill out tabs "Project Info," and "Tree Planting – ITP."
3. Participants will also need to use three external tools to use the above calculator, as follows:
   (A) University of California Agriculture and Natural Resources Water Use Classification of Landscape Species (WUCOLS IV) tool.[68]
   (B) California Department of Water Resources (DWR) Water Budget Workbook.[69]
   (C) i-Tree Planting Tool.[70]

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[67] California Air Resources Board. *Urban Greening Benefits Calculator Tool*. (2024). https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/cnra_ug_finalcalculator_070820_v3.xlsx.
[68] UC Davis California Center for Urban Horticulture. *Water Use Classification of Landscape Species (WUCOLS)*. (2024). https://ccuh.ucdavis.edu/wucols.
[69] *California Department of Water Resources. BetaWaterBudgetNonResidentialV130*. (2024). https://cadwr.app.box.com/s/5k39tv10u42rp5bn2uebd7fodkxzgve7.
[70] I-Tree. *Welcome to the i-Tree Planting Calculator*. (2024). https://planting.itreetools.org/.

CHAPTER 11: EMERGENCY STATIONARY DIESEL GENERATOR REPLACEMENT PROJECTS

A. Introduction

This project subcategory is applicable to stationary source projects and funds the replacement of old diesel internal combustion generators with cleaner technology beyond what is currently required, with an emphasis on zero-emission technology.

B. Related Approved Air District Project Plans

1. Stationary Diesel Engines Emission Reductions Project Plan, submitted by Feather River Air Quality Management District.

C. Projects Eligible for Funding

Uncertified, Tier 1, or Tier 2 diesel internal combustion generators used in emergency services are eligible to be replaced with cleaner technology beyond what is currently required, with an emphasis on zero-emission technology.

D. Eligible Participants

Public and private entities that own and operate emergency stationary diesel generators or that can provide written authorization to the air district verifying that they're allowed to make modifications to such generators signed by the owners, are eligible to apply.

E. Participant Requirements

1. Participants will be required to submit a complete project application, which includes a quote for the new generator, permit number (if applicable), and an executive order for the new equipment (if diesel).
2. Pre-inspection of the generator will be conducted by air district staff. During the pre-inspection air district staff will verify generator information and hour meter reading. A compliance inspection conducted

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within the past 12 months may be substituted for the pre-inspection if it confirms the generator information and hour meter reading. The pre-inspection or compliance inspection must verify the function and use of the generator as backup emergency power generation to an existing building, structure, utility, or other use.

3. Once the application and pre-inspection have been approved, a contract will be offered to the participant. Once both parties have agreed to sign the contract, the participant will be notified of the contract execution. If the new generator requires an air district permit, the participant will then submit an Authority to Construct to the air district. Once the Authority to Construct has been issued, the participant may proceed with the purchase of the new generator. If the zero-emission technology does not require an Authority to Construct, the participant may proceed with the purchase upon notification of contract execution.

4. Once a participant has purchased their new generator, they must contact the air district to complete the post-inspection. During post-inspection the air district will verify the generator meets the Tier 4 Final or higher emission standard by photographing and recording the engine family name on the equipment and any control equipment. The family name is an identifier assigned by the U.S. EPA to every engine verified to Tier 1 emission standards or higher.

5. If the equipment is required by the air district to conduct a source test to verify emissions, the results of the source test must be received within 30 days of the post-inspection or consistent with the timeline required by air district policy and procedures.

6. After the successful post-inspection, the Permit to Operate for the new generator will be issued, if applicable to local rules.

7. The invoice for the purchase and installation of the new generator should be submitted to the air district.

~~8.~~ During the entire project life, the participant must submit an annual report of hours operated.

F. Dismantling Requirements

The old generator must be surrendered to an approved salvage yard within 30 days of post-inspection. The old generator must be destroyed and rendered

permanently inoperable. At a minimum, the destruction of a generator must include:

1. A hole in the engine block with a diameter of at least three inches at the narrowest point. The hole must be irregularly shaped (i.e. no symmetrical squares or circles) and
2. A section of the oil pan flange must be removed as part of the hole or have a line cut through it that connects the hole.

G. Project Life

The life of the project can range from a minimum of 3 years to a maximum of 10 years.

H. Maximum Eligible Funding Amount

1. The maximum funding amount for zero-emission generator replacements is up to 95 percent of eligible costs.
2. The maximum funding amount for Tier 4 Final or Tier 5 diesel generator replacements, or cleaner technologies, is up to 85 percent of eligible costs.
3. Air districts may choose to use lower maximum funding amounts at their discretion, to meet local needs.

I. Eligible Costs

Air districts may determine eligible costs before a contract is offered. Eligible cost may include:

1. Purchase of technology that is beyond what is currently required, including zero-emission technology, Tier 4 Final, or Tier 5 diesel generators, or cleaner technology.
2. Once Tier 5 diesel generators are available for purchase, Tier 4 Final diesel replacements will no longer be eligible for funding.
3. Delivery charges.
4. Installation.
5. The following costs are not eligible to be covered using CAP Incentives funds, but an air district may choose to cover such costs using its available local funds:

(A) Sales tax.

(B) Permit fees, including Permits to Operate and required building permits.

J. Ineligible costs

Ineligible costs include the following:

1. Purchase, lease, or rental of land.
2. Planning and design fees.
3. Consultant fees.
4. Extended warranty.
5. Administrative/staff time of public agency to participate.
6. California Environmental Quality Act or environmental analysis cost.

K. Project Eligibility Criteria

1. To be eligible for funding, existing generators must:
   (A) Meet the air district's criteria to qualify for an emergency-use or equivalent exemption according to its local rules or qualify for equivalent exemptions according to any other applicable local or State rules or regulations.
   (B) Be at least 25 horsepower.
   (C) Be fueled by diesel.
   (D) Be Uncertified, Tier 1, or Tier 2, with a PM emissions rating of equal to or greater than 0.40 g/bhp-hr.
   (E) Be operational.
   (F) Must operate 100 percent of the time in California.
2. Replacement generator requirements:
   (A) The replacement engine must be available for inspection if requested by the air district or CARB staff during the contract period.
   (B) Replacement generator must provide U.S. EPA certification or CARB executive order or be source tested to verify emission reductions.

(C) Replacement generator must meet Tier 4 Final or cleaner emission standards. Tier 4 Final replacements are only eligible until Tier 5 generators are made available for purchase. Zero-emission technology will be considered on an individual basis and once approved by the air district, will not require certification or source testing.

(D) Replacement generators must be maintained according to manufacture requirements to ensure emission reduction technology is fully functioning during emergency use.

(E) The engines in replacement generators should be no greater than 125 percent above the existing generator's engine brake horsepower rating, unless a larger engine would result in greater emission reductions.

(F) The participant may not claim emission reduction credits from the project during the entire contract period.

(G) The replacement generator must be under contract for the entire project life, which may range from 3 to 10 years.

(H) Replacement generator must have a minimum warranty of 5 years or 3,000 hours of operation, whichever occurs first, for all engines rated at 19kW and greater. In the absence of a device to measure hours of use, the engine shall be warranted for a period of five years. For all engines rated less than 19 kW, and for constant-speed engines rated under 37 kW with rated speeds higher than or equal to 3,000 rpm, the period of two years or 1,500 hours of operation, whichever occurs first, shall apply. In the absence of a device to measure hours of use, the engine shall be warranted for a period of two years.

(I) Must operate 100 percent of the time in California.

L. Project Selection and Ranking

Projects will be selected according to the competitive process established in the air district's Policies and Procedures.

M. Pre- and Post- Inspection

1. Air districts must verify via pre-inspection the operational condition of the existing equipment.

2. Air districts must conduct a post-inspection of the replacement generator prior to disbursement of funds to the participant.

3. Participants must make the generator available to air district or CARB staff upon request throughout the duration of the project life.

N. Air District Requirements

1. All projects must comply with the requirements described in Chapter 3 of the CAP Incentives Guidelines.

2. Emission reductions obtained through projects implemented in this chapter must be surplus to any federal or state rules or regulations; this includes local rules implemented and enforced by the air district itself, such as stationary diesel airborne toxic control measure.

3. For replacement projects cleaner than Tier 4 Final (or Tier 5, once available), air districts must verify the technology by keeping a record of the following, for the life of the project.

   (A) Ensure the replacement zero-emission equipment can perform the same duties as the baseline.

   (B) Keep a record of the equipment specifications and ratings, this can be through a manufacture manual or brochure.

   (C) The replacement generator must be commercially available.

   (D) The rated capacity of the equipment.

   (E) Both the baseline and replacement generator must use the same load factor.

O. Reporting Requirements

Participants must ensure that project-related information is complete, correct, supported by documentation, and supplied to the air district upon request for the preparation of reports. This documentation must also be made available to CARB staff upon request.

P. Emission Reductions and Quantification Methodology

Criteria air pollutant and TAC emission reductions will be calculated using an approved CARB method.

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CHAPTER 12: PAVING, SIDEWALK, AND BIKE PATH PROJECTS

A. Introduction

This chapter aims to reduce dust from paved and unpaved roads in the community through road paving improvements, as well as to reduce motor vehicle emissions by improving walkability and bicycle infrastructure for the community through sidewalk and bicycle infrastructure improvement and construction. Paving of unpaved roads reduces PM emissions from fugitive windblown and activity-related dust in the region. Increasing the utilization of active transportation as opposed to driving an automobile also provides potential emissions benefits.

B. Related Approved Air District Project Plans

1. Road and Sidewalk Improvement Program submitted by San Joaquin Valley Air Pollution Control District.
2. Road Improvements, Sidewalk Installation, and Bike Paths submitted by San Joaquin Valley Air Pollution Control District.
3. Road Paving Projects submitted by South Coast Air Quality Management District.
4. Paving Projects submitted by Imperial County Air Pollution Control District.

C. Projects Eligible for Funding

1. Eligible projects include well-traveled unpaved roads, parking lots, and other unpaved areas located near sensitive receptors including, but not limited to, homes, schools, and senior centers.
2. Projects must provide road paving, sidewalk improvements and/or bicycle infrastructure. Participants must meet all the required criteria listed in this chapter and agree that paving projects will meet all local, State, and federal statutes, rules, and regulations.
3. The following projects are not eligible for funding:

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(A) Routine maintenance and rehabilitation projects.

(B) Paving activities as part of new development projects.

D. Eligible Participants

Public and private entities are eligible to apply for and receive funding for paving projects.

E. Participant requirements

1. Participants must be compliant with all federal, state, and local requirements.
2. Participants must demonstrate all required land use permits from agencies needed to for installation of the project. Participant is responsible for obtaining any permits required to do the project. If participant holds an operating permit or other type of permit for the project site, copies of permits shall be provided to District as part of application.
3. Participant must demonstrate that all property taxes are current at the time of application.
4. Participants must demonstrate that they are either the owner of the area to be paved or have authority to pave the area, or control it through a long-term lease, easement, or other legal arrangement, for the duration of the project life. For a proposed project where the land is not owned by the applicant, an executed lease agreement or letters of commitment lasting for the duration of the project life must be signed by property owners/authorized representatives and must be submitted with the application.
5. Throughout the project life, the participant must maintain the paved area, conduct as-needed maintenance such as repairing any potholes and re-painting of lines.
6. Participants must make the project available for inspection if requested by the air district and/or CARB staff during the entire contract period.
7. The participants or their sponsor must demonstrate the financial capacity to complete, operate, and maintain the project.
8. Participants or subcontractor(s) may not claim emission reductions and must comply with air district requirements.

9. All projects that receive funding under this program must comply with the requirements described in Chapter 3, Section H of these guidelines.

F. Project Life

The maximum project life is 10 years. Participants must ensure that project-related information is complete, correct, supported by documentation, and supplied to the air district or CARB upon request for the preparation of reports.

G. Maximum Eligible Funding Amounts

Air districts may cover up to 100 percent of eligible costs.

1. Eligible project costs include the following:
   - (A) Supplies, equipment, and materials.
   - (B) Labor and construction (including contracted services, mobilization, and traffic control).
   - (C) Signs and interpretive aids communicating information about the project.
   - (D) Up to 25 percent of the grant request may be budgeted for non-construction costs, including permitting, design, and administration.
   - (E) Up to 30 percent may be budgeted for contingency costs.
   - (F) All eligible costs must be supported by appropriate documentation.
2. Ineligible costs include the following:
   - (A) Any cost not directly related or maintenance work beyond what is required to complete the project.
   - (B) Costs incurred outside of the performance period.
   - (C) Indirect or overhead costs incurred generally as part of normal business operations within an organization.
     - (1) An example of indirect costs is salaries and benefits of employees not directly assigned to work on the project.
     - (2) Other examples of overhead costs are rent, utilities, and general office supplies.

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H. Project Eligibility Criteria

Air districts may choose to require paving projects use materials with high albedo since it reflects more solar energy, mitigating the risk of urban heat island effects. "High albedo" refers to a surface that is highly reflective; for example, white colored asphalt has high albedo.

I. Post-inspection

Air districts must post-inspect the paved area and confirm it abides by all term agreed upon in the executed contract.

J. Air District Requirements

1. Air districts must incorporate this project subcategory into their existing Policies and Procedures. Air districts may choose to incorporate additional requirements or requirements that are more stringent than those contained in this subcategory.
2. Air districts shall provide forums for receiving feedback on specific projects from the community, local public agencies and stakeholders to determine the best projects for selection.
3. Air districts must collect and maintain in their project files the following pieces of information related to each project:
   - (A) Description of the project site, including the following: location, current use, size of area to be paved, existing conditions, and pictures of project site in its current condition.
   - (B) Identification of nearby sensitive receptors, if applicable.
   - (C) Current and expected vehicle use at the project site.
   - (D) Existing dust control measures (e.g., frequency the unpaved area is watered), if applicable.
   - (E) Baseline emissions.
   - (F) Applicable permits and/or permissions to pave.
   - (G) A commitment to provide photo documentation of the completed project.

(H) A commitment to provide photo documentation on an annual basis to demonstrate that project maintenance is occurring throughout the Project Life.

(I) A commitment to comply with the most current versions of any applicable local rules.

(J) Include any supporting documentation, as needed.

4. Air districts must maintain the documentation required above in their project files for at least three years after project completion.

K. Emission Reductions and Quantification Methodology

1. Paving of a dirt surface significantly reduces windblown and activity related fugitive dust emissions. Applicants should utilize the CARB Miscellaneous Process Methodology 7.10 - Unpaved Road Dust, Non-Farm Roads[71] to estimate the baseline emissions from an unpaved road project. The emissions reductions associated with paving can then be estimated using a control efficiency from the Western Regional Air Partnership (WRAP) Fugitive Dust Handbook.[72]

2. Districts should work with applicants to describe qualitative benefits. This can include improving the health and well-being of residents by providing access to cleaner transportation and encouraging healthier alternatives, such as walking and biking. This could also include benefits to people with special needs who often cannot reliably access unpaved areas with poor surface conditions.

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[71] Miscellaneous Process Methodology 7.10 - Unpaved Road Dust, Non-Farm Roads.
[72] Western Regional Air Partnership Fugitive Dust Handbook.

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CHAPTER 13: ALTERNATIVES TO AGRICULTURAL OPEN BURNING

A. Introduction

This project category will reduce PM, NOx, and ROG emissions from agricultural open burning of orchard and vineyard removals by incentivizing chipping and soil reincorporation, land application, or other methods as alternatives. Projects must comply with all applicable federal, state, and local rules and regulations.

B. Related Approved Air District Project Plans

1. Alternatives to Agricultural Open Burning Incentive Program Emission Reduction Program Plan, submitted by San Joaquin Valley Air Pollution Control District

C. Projects Eligible for Funding

2. Eligible project types include orchard and vineyard removals:
   - (A) Chipping of agricultural material with soil incorporation methods including but not limited to: discing/ripping/whole orchard recycling or other district approved method
   - (B) Chipping of agricultural material without soil incorporation (land application of mulch or other on-site practices)
   - (C) Air Curtain Burning (only for material with embedded wire, such as cordon-pruned vineyards)
   - (D) Off-site beneficial re-use of agricultural material (mulching/composting/land application near roadways for dust suppression)
3. The final disposition of agricultural material must be utilized for soil incorporation, on-site land application, or off-site beneficial re-use.
4. An air district may request CARB's approval to extend eligibility to other practices, and they must outline such approved practices in their Policies and Procedures.

5. Eligible crop types are defined as:

   (A) Agricultural material includes, but is not limited to leaves, branches, trunks, roots, stumps, untreated sticks, grape vines, grape canes, and untreated grape stakes.

   (B) Vineyard removal materials: agricultural waste generated by the removal of vineyards. This includes grape vines, grape canes, trunks, roots, untreated grape stakes, and wires, as well as similar materials from kiwi vineyards.

   (C) Vineyard materials include but are not limited to grape canes and raisin trays.

   (D) Orchard removal matter: agricultural waste generated by the removal of orchards. This includes leaves, branches, trunks, roots, stumps, and untreated branch support sticks.

   (E) Orchard removals include, but are not limited to orchard removal matter, stumps, and untreated sticks.

6. Chipped or shredded agricultural material is not to be sold or used in any combustion processes such as biomass power generation, pyrolysis, or air curtain burners.

D. Eligible Participants

1. Public and private commercial agricultural operations are eligible to apply.

2. Land conversions intended for nonagricultural purposes are not eligible for funding.

E. Participant Requirements

Participation in the Program occurs in five phases: voucher application, district pre-inspection, voucher execution, voucher redemption, district post-inspection, and reimbursement.

1. Participants must:

   (A) Not make any non-refundable payments or begin chipping orchard or vineyard removal materials on this project until a district voucher is issued.

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(B) Certify the continued agricultural use of the property from which the orchard or vineyard was removed.

2. A participant must submit:

   (A) A completed voucher application along with the Certifications Form signed by the applicant.

   (B) A completed IRS Form W-9.

   (C) A site map confirming the acreage to be removed (e.g., site map, google map, or assessor's map).

3. A detailed and itemized quote from any service providers for the planned activities.

   (A) The quote must provide an itemized breakdown, including specific information and associated costs with pruning/wire/support removal (vineyards), pushing/piling, chipping/shredding, spreading, soil incorporation (ripping/discing), hauling (beneficial re-use), move-in fees, and any additional costs.

   (B) Documentation of estimated costs by participating grower, if additional costs are beyond those on the quote(s) for contracted services.

4. If the voucher application is determined to be complete and eligible, a pre-inspection of the orchard or vineyard will be scheduled and conducted by the air district.

5. Upon completion of the pre-inspection, the air district will review the pre-monitoring inspection report, execute a voucher if the application is deemed eligible, and mail or email the voucher to the applicant.

6. Participants may then commence chipping of the removed vineyard or orchard, and the subsequent soil incorporation or land application as indicated on their executed voucher.

7. The applicant has 180 days from the voucher execution date to complete the project.

8. Once a participant has completed the chipping and soil incorporation or land application, they may submit a Claim for Payment packet to begin the voucher redemption process.

9. A complete Claim for Payment packet is required as part of the voucher redemption process and must include:

(A) A completed and signed voucher.

(B) A breakdown of services conducted, and copies of any invoices and receipts for the services performed.

10. After receiving a completed Claim for Payment packet, the air district will conduct the post-inspection site visit.

11. Photographs will be taken during the site visit and a post-inspection report will be completed, indicating the final disposition of agricultural material.

12. The air district will review the post-monitoring report, and issue reimbursement to the participant for eligible costs, up to the approved voucher amount.

F. Project Life

Air districts must use a one year project life. Applicant must certify the continued agricultural use of property from which the orchard or vineyard is removed.

G. Maximum Eligible Funding Amount

The air district must determine the maximum incentive amounts based on crop type, the number of eligible acres removed, project type, and the final disposition of the agricultural material. Table 13-1 template must be used by air districts to outline the eligible alternative practices and incentive amounts available through the program.

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Table 13-1: Eligible Alternative Practices and Incentive Amounts Template

Project Type	Orchards	Cane-Pruned Vineyard	Cordon-Pruned Vineyard
Chipping with soil incorporation (whole orchard/vineyard recycling)	Maximum funding amounts per acre to be determined by air district	Maximum funding amounts per acre to be determined by air district	Maximum funding amounts per acre to be determined by air district
Chipping without soil incorporation (on-site land application)	Maximum funding amounts per acre to be determined by air district	Maximum funding amounts per acre to be determined by air district	Maximum funding amounts per acre to be determined by air district
Off-site Beneficial Re-use (mulching, composting, land application near roadways for dust suppression)	Maximum funding amounts per acre to be determined by air district	Maximum funding amounts per acre to be determined by air district	Maximum funding amounts per acre to be determined by air district
Air Curtain Burning (only for material with embedded wire, such as cordon-pruned vineyards)	Not eligible for funding	Maximum funding amounts per acre to be determined by air district	Maximum funding amounts per acre to be determined by air district

1. If the total project cost of the orchard or vineyard removal, and the cost of chipping and disking or spreading, as applicable, are less than the incentive amount, the final amount reimbursed to the participant will be reduced accordingly.
2. There are no minimum match requirements for participation in the program; however, participants must pay for any costs that exceed the incentive amount.
3. Air districts may choose to use lower maximum funding amounts at their discretion to meet local needs.
4. The final funding amount reimbursed may be less than the maximum incentive amount if the final invoice amount for the project is less than

the maximum incentive amount or if the final project is different from the proposed project. For example, the project proposed and funded was 100 percent soil incorporation, but the final project was 50 percent soil incorporation and 50 percent land application.

H. Eligible Costs

Air districts may include in their policies and procedures for this project type costs listed in the breakdown of services conducted, invoices, or receipts provided as part of the Claim for Payment packet that are eligible for funding.

Eligible project cost for services provided may include the following, but is not limited to:

1. Equipment move-in fees.
2. Wire, stake, support removal.
3. Pushing/piling.
4. Chipping.
5. Spreading.
6. Soil incorporation ripping.
7. Soil incorporation discing.
8. Tree rope removal.
9. Fuel.
10. Equipment maintenance.
11. Specific to equipment used on approved orchard/vineyard removal.
12. Labor.
13. Contracted Services.

I. Ineligible Costs

Ineligible project costs include the following:

1. Purchase, lease, or rental of land.
2. Land preparation for next crop.
3. Planning, permit, and design fees.
4. Consultant fees.

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5. Administrative/staff time of public agency to participate.
6. California Environmental Quality Act or environmental analysis cost.
7. Haul away fees.

J. Project Eligibility Criteria

1. Removal site must be located 100 percent within California.
2. Projects funded will not be used as marketable emission reduction credits, to offset any emission reduction obligation, or for credit under any federal or state emission averaging, banking, and trading program.
3. Projects funded through this program may not be used to generate a compliance extension or extra credit for determining regulatory compliance. The final disposition of agricultural material must be used on-site or at another agricultural location and cannot be sold or used for other non-agricultural off-site uses including, but not limited to, biomass power generation or composting.
4. No portion of the agricultural material from the orchard/vineyard removal can be burned or used in any of the aforementioned combustion processes, with the sole exception of air curtain burners for cordon-pruned vineyards/embedded wire material.
5. Agricultural material includes, but is not limited to: leaves, branches, trunks, roots, stumps, untreated sticks, grape vines, grape canes, and untreated grape stakes.
6. Land conversions intended for non-agricultural purposes are not eligible for this Program.
   (A) Applicant must certify the continued agricultural use of property from which the orchard or vineyard is removed.
   (B) Pruning projects are not eligible for funding.

K. Project Selection and Ranking

Projects will be approved on a first come, first served basis determined by the submittal of a complete program application. This process must be incorporated in the air district's Policies and Procedures.

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L. Pre- and Post-Inspection

1. Pre-inspection will include, at a minimum, inspection of the proposed orchard/vineyard removal site to include confirmation of crop type, measurement of acreage to be removed, and pruning type for vineyard removals.
2. Post-inspection will include, at minimum, inspection of the removal site and confirmation of the final disposition of agricultural materials.
3. The air district will include in its post-inspections:
   (A) Photographs confirming the removal site and final disposition of agricultural materials, as applicable.
   (B) Map of removal sire with measured acreage.
   (C) Map of final disposition site.

M. Air District Requirements

1. All projects must comply with the requirements described in Chapter 3 of these Guidelines.
2. If implemented in an AB 617 selected community as part of a CERP selected measure, setting funding limit and defining small agricultural operations require inclusion of community steering committees in the decision-making process.
3. The air district has the discretion to offer additional incentive amounts for small agricultural operations. The air district must define "small agricultural operations" in their Policies and Procedures prior to implementing the program.
4. Air districts must set an annual maximum acre limit, per entity, per year.
5. In addition to supplying applicants with an application to fill out when applying for funding, the air district must also supply a set of terms and conditions in the form of a Certifications Form by which the applicant must, via signed certification, agree to abide.
6. Similarly, the air district must develop and include a Claim for Payment packet that participants may fill out after completing their project in order to redeem their voucher and be reimbursed funds.
7. Air districts must complete a post-inspection of the site before funds may be reimbursed to the participant.

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N. Reporting Requirements

Participants must ensure that project-related information is complete, correct, supported by documentation, and supplied to the air district upon request for the preparation of reports. This documentation must also be made available to CARB staff upon request.

O. Emission Reductions and Quantification Methodology

Criteria air pollutant and TAC emission reductions will be calculated using an approved CARB method.

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CHAPTER 14: LOW DUST NUT HARVESTER REPLACEMENT PROJECTS

A. Introduction

This chapter aims to reduce PM2.5 emissions from nut harvesting operations by replacing conventional nut harvesting equipment with new, low dust nut harvesting equipment. The project type requires the baseline equipment to be destroyed or rendered permanently in-operable after the new equipment is placed into operation.

B. Related Approved Air District Project Plans

1. Low Dust Nut Harvester Emission Reduction Project Plan, submitted by San Joaquin Valley Air Pollution Control District.

C. Projects Eligible for Funding

1. The following project types are eligible for funding:
   - (A) Replace an old Tier 2 or older tractor and an old power take-off (PTO) driven pull behind low dust nut harvester for a new zero emission or new Tier 4 Final diesel tractor and a new PTO-driven pull behind low dust nut harvester.
   - (B) Replace an old PTO-driven pull behind low dust nut harvester with a new PTO-driven low dust nut harvester.
     - (1) Participant will be required to utilize a tractor equipped with a Tier 4 Final or cleaner engine to pull the PTO-driven low dust nut harvester for the life of the project.
     - (2) If participant does not currently own a tractor equipped with a Tier 4 or cleaner engine to pull the new low dust nut harvester, funding is available to replace the old Tier 2 or older tractor with a new tractor.
   - (C) Replace an old Tier 2 or older tractor and an old PTO driven pull behind low dust nut harvester for a new, low dust self-propelled nut harvester.

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(D) Replace an old Tier 2 or older conventional low dust self-propelled nut harvester with a new, low dust self-propelled nut harvester.

(E) Replace an old Tier 2 or older low dust self-propelled nut sweeper and nut shaker (if applicable) with a new, low dust shaker/sweeper combination unit.

2. The eligible projects described in Section C.(1) must meet the following criteria:

(A) The replacement equipment must serve the same function and perform the same work equivalent as the existing equipment (e.g., replacement of an agricultural tractor with another agricultural tractor) with the exception of participants being allowed to turn in both an old agriculture tractor and an old, PTO-driven low dust nut harvester for a new self-propelled harvester. With this exception, the work performed must be equivalent between the old tractor and the self-propelled harvester.

(B) Eligible low dust nut harvesting equipment must achieve at least a 40 percent reduction of PM emissions as demonstrated by CARB approved methodology.

(C) The participant will be required to destroy and render permanently inoperable the existing, old tractor and the old, PTO-driven low dust nut harvester, old conventional low dust self-propelled nut harvester, and old dust self-propelled nut sweeper and nut shaker (if applicable) in accordance with established air district criteria.

D. Eligible Participants

Public and private entities that own and operate nut harvesting equipment.

E. Participant Requirements

1. Remain the owner of the new equipment through the full term of the agreement. If the new equipment is sold during the agreement term, then the new owner of the equipment must assume the agreement obligations with the air district and comply with the terms and conditions outlined in the original agreement. The air district must approve the equipment ownership change prior to its sale.

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2. Maintain the replacement equipment in accordance with manufacturer specifications.

3. The participant must maintain insurance coverage for the replacement equipment as required by law for the duration of the project life. The participant is encouraged to have replacement value insurance coverage to ensure complete repair or replacement in the event of major damage to the equipment. If the equipment is not repaired and replaced during the project life, the applicant must return prorated funds.

4. Purchase a minimum of a one-year or 1,600 hours power and drive train warranty for the self-propelled replacement equipment. Purchase of a minimum of a one-year warranty for the PTO pull-behind harvester.

   (A) Warranty must cover parts and labor.

   (B) Documentation must be provided to the air district when submitting a claim for reimbursement.

   (C) Extended warranty costs are not eligible for funding.

5. Ensure the existing baseline equipment is destroyed and permanently inoperable.

6. Submit annual reports to the air district through the full term of the agreement.

7. Install and maintain an operational hour meter on the new low dust self-propelled nut harvester. Future annual hours of equipment operation for determining emission reductions must be based only on readings from an installed and fully operational hour meter.

   (A) The cost of an hour meter is eligible for incentive funding and should be included in the quoted price if the equipment does not have a functioning meter at the time of the project.

   (B) 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 cost.

F. Dismantling Requirements

The participant must surrender their existing equipment (i.e., harvester and/or tractor as applicable) to a participating dismantler with which the air district has entered into an agreement, and the dismantler must permanently destroy the equipment.

The existing equipment specified in the application must be dismantled and may not be substituted with different equipment. The component that hooks the PTO driven low dust nut harvester to the tractors must be cut into pieces as well as any other bars that will render the existing equipment inoperable.

G. Project Life

The maximum project life is 10 years. Participants must ensure that project-related information is complete, correct, supported by documentation, and supplied to the air district or CARB upon request for the preparation of reports.

H. Maximum Eligible Funding Amount

Table 14-1: Maximum Eligible Funding Amounts

Maximum Percentage of Eligible Cost	Eligible Project
90% of eligible costs	Zero-emission agricultural tractor replacement
80% of eligible costs	Tier 4 agricultural tractor replacement
80% of eligible costs	Pick-Up Low-Dust Nut Harvester
80% of eligible costs	Shaker/Sweeper Combination Unit

I. Eligible Costs

1. Implements or attachments on the new replacement equipment may be eligible for funding if the existing equipment was also similarly equipped, and the replacement equipment requires such implements or attachments to perform the same activities as the existing equipment. Such instances will be reviewed and approved on a case-by-case basis by the air district staff.
2. The cost of an hour meter is an eligible cost for low dust self-propelled harvester.
3. The cost of an hour meter is an eligible cost for PTO-driven, Tier 4 or cleaner tractors being used to pull new low dust PTO-driven pull behind nut harvester, self-propelled low dust nut harvester or self-propelled low dust nut shaker and nut sweeper equipment. Standard warranty, setup, document preparation fees, and freight costs.

4. Replacement equipment must have less than 500 hours at the time of sale. Used equipment is eligible for funding as replacement equipment if it meets all criteria listed in the guidelines.

J. Ineligible Costs

1. Additional attachments that are not normally sold with the original equipment, as determined by the air district.
2. Extended warranty, maintenance, or repair costs.
3. New replacement equipment engines that are compression ignition (CI) or diesel engines that:
   (A) Are participating in the averaging, banking, and trading program that are certified to family emission limits.
   (B) Have emission limits higher than the applicable emission standards, as designated in the CARB Executive Order.
   (C) Are participating in the "Tier 4 Early Introduction Incentive for Engine Manufacturers" program. The CARB executive orders for these engines reference that the engines are certified under this citation.

K. Project Eligibility Criteria

The existing baseline equipment must meet the following requirements:

1. A PTO-driven pull behind or a self-propelled off-road agricultural nut harvester that is not a low dust verified model. If the existing baseline nut harvester is self-propelled it must have a CI engine greater than or equal to 25 horsepower.
2. The self-propelled low dust nut harvester, self-propelled low dust nut sweeper and nut shaker or agricultural tractor must have an uncontrolled (Tier 0), Tier 1, or Tier 2 engine. This must be documented in the application and will be verified through an inspection process conducted by air district staff.
3. Owned and operated in California for the previous two years. If selected for funding, provide ONE of the supporting documents from the following list showing ownership for the previous two years (24 months):
   (A) Bill of Sale for the old equipment (preferred).

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(B) Tax depreciation logs.

(C) Property tax records.

(D) Equipment insurance records.

(E) Bank appraisals for the equipment.

(F) Maintenance/service records.

(G) General ledgers.

(H) Fuel records specific to the existing equipment that identify the equipment owner.

(I) Other documentation approved by the air district on a case-by-case basis.

4. In operational condition at the time of application submission and air district inspections. If selected for funding, provide ONE of the following supporting documents showing operational status of the existing, baseline equipment for the previous one year:

(A) Revenue and usage records that identify operation, standby, and down hours for the existing equipment.

(B) Routine inspections which document the operating condition of the existing equipment (Occupational Safety and Health Administration or workplace required).

(C) Employee timesheets linked to specific equipment use.

(D) Preventative maintenance/service records tied to specific hours of equipment use.

(E) Repair work orders specific to the equipment.

(F) Other documentation approved by the air district on a case-by-case basis.

5. Must be destroyed and rendered permanently in-operable after the new equipment is placed into operation. Destruction of the existing, baseline equipment must be performed by a participating dismantler contracted by the air district.

6. If the new low dust nut harvester is self-propelled it must have the cleanest engine meeting the most recent model year California emission standard.

7. The replacement PTO-driven pull behind or replacement self-propelled low dust harvester must not have been previously owned and be indicated as new by the dealer at the time of purchase. Used equipment is not eligible for funding as replacement equipment.

8. Have only the minimum attachments normally sold with the original equipment as determined air district staff.

L. Project Selection and Ranking

Projects will be selected according to the process established in the air district's Policies and Procedures.

M. Pre- and Post-Inspection

1. Air districts must verify the operational condition of the existing, baseline equipment though a pre-inspection.

2. Air districts must conduct a post-inspection of the replacement equipment prior to disbursement of funds to the participant.

3. Participants must make the equipment available to air district or CARB staff upon request throughout the duration of the project life.

N. Air District Requirements

All projects must comply with the requirements described in Chapter 3 of these Guidelines.

O. Reporting Requirements

Applicants must ensure that project-related information is complete, correct, supported by documentation, and supplied to the air district upon request for the preparation of reports. This documentation must also be made available to CARB staff upon request. The district will report program information in accordance with these Guidelines.

P. Emission Reductions and Quantification Methodology

For low dust nut harvesters, PM2.5 emission reductions will be calculated using an approved CARB method.

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For other criteria air pollutants like NOx, PM with a diameter less than 10 micrometers, and ROG, the requirements outlined in the CAP Incentives Guidelines for mobile agricultural tractors are required to abide by all project criteria set forth in the Moyer and FARMER Program Guidelines and any future approved Guidelines, and current and future Program Advisories and mail-outs. This includes the Moyer Program's cost-effectiveness thresholds and reporting requirements, except as modified in the CAP Incentives Guidelines or through subsequent actions by CARB's Executive Officer for the CAP Incentives Program.

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APPENDIX A: COMMUNITY AIR PROTECTION FUNDS SUPPLEMENT TO THE CARL MOYER PROGRAM 2017 GUIDELINES

A. Introduction

Except as specified below, the *Carl Moyer Program 2017 Guidelines*, adopted by the Board April 27, 2017, apply to all projects implemented pursuant to the Moyer Program using CAP incentives, as allocated by AB 134, SB 856, and future appropriations of funds for CAP incentives. Air districts choosing to allocate funds to incentivize clean truck projects in accordance with the Proposition 1B Program will refer to the *Proposition 1B 2015 Goods Movement Emission Reduction Program Guidelines* and to Section G of this appendix for information relating to funding amounts and truck evaluation criteria for those projects.

Project selection should prioritize zero-emission vehicles or infrastructure whenever feasible. When zero-emission technologies are not feasible, natural gas engines meeting the lowest optional NOx standard are preferred over diesel engines meeting current emissions standards. CARB's GHG emissions reduction quantification methodologies, co-benefit assessment methodologies, priority population benefit criteria tables, and reporting templates will be used to track and report project benefits.

B. Guideline Modifications to Reduce the Cost of Participation in the Program

The tables below originate from each source category chapter of the Moyer Guidelines, and contain updated Maximum Percentages of Eligible Cost and State funding caps for which CAP incentives projects are eligible. The cost-effectiveness limits in the 2017 Moyer Guidelines still apply. For infrastructure projects, the Maximum Percentages of Eligible Cost have been increased, and an additional 10 percent may be added to those maximum values for projects that serve at ports, railyards, and other freight facilities.

For co-funded projects, the 15 percent Applicant Cost Share in the 2017 Moyer Guidelines is adjusted for projects funded with CAP incentives where the Maximum Percentage of Eligible Cost exceeds 85 percent. For example, a

project with a Maximum Percentage of Eligible Cost of 90 percent would have a 10 percent Applicant Cost Share requirement.

Table A-1: State Funding Caps for Community Air Protection Incentives School Bus Projects

Project Type	Funding Cap
School bus diesel or alternative fuel replacement	$165,000
School bus optional low-NOx or hybrid replacement	$220,000
School bus zero-emission replacement	None
School bus repower	$70,000
School bus electric conversion	None

Table A-2: State Funding Caps for Community Air Protection Incentives Conventional Diesel, Alternative Fuel, or Hybrid Replacements (2013+ Engine Model Year; 0.20 g/bhp-hr NOx or Cleaner Standard) [73]

Weight Class	Funding Cap
Heavy heavy-duty (HHD) GVWR > 33,000 lbs	$60,000
Medium heavy-duty (MHD) GVWR 19,501-33,000 lbs	$40,000
Light heavy-duty (LHD) GVWR 14,001-19,500 lbs	$30,000
Emergency vehicles > 14,000 lbs	80 percent of cost

[73] Except for emergency vehicles, no more than 80 percent of vehicle cost for fleets with 10 or fewer vehicles, and no more than 50 percent of vehicle cost for larger fleets

Table A-3: State Funding Caps for Community Air Protection Incentives Optional Low-NOx Replacements [73]

Optional Low-NOx Standard or Vehicle Type	HHD	MHD	LHD
0.02 g/bhp-hr	$100,000	$80,000	$70,000
0.05 g/bhp-hr	$80,000	$60,000	$50,000
0.10 g/bhp-hr	$70,000	$50,000	$40,000
Transit bus	$25,000	$25,000	$25,000

Table A-4: State Funding Caps for Community Air Protection Incentives Optional Low-NOx Repowers

Vocation Type	Funding Caps
Transit bus	$20,000
Other trucks and buses	$40,000

Table A-5: State Funding Caps for Community Air Protection Incentives Zero-Emission Replacements or Conversions [74]

Weight Class/Vocation Type	Funding Caps
Transit bus	None
HHD truck or bus	None
MHD truck or bus	None
LHD truck or bus	None

[74] Except for emergency vehicles, no more than 95 percent of vehicle cost for fleets with three or fewer vehicles, no more than 90 percent for fleets with more than three and ten or fewer vehicles, and no more than 60 percent of vehicle cost for fleets with greater than ten vehicles.

Table A-6: State Funding Caps for Community Air Protection Incentives Hybrid Conversions [73]

Weight Class	Funding Caps
LHD	$7,500
MHD	$10,000
HHD	$15,000

Table A-7: Maximum Percentage Eligible for Community Air Protection Incentives Off-Road Projects

Project	Maximum Percentage Eligible
Diesel repower	95%
LSI repower	95%
Repower to zero-emission	95%
Mobile equipment replacement	90%
Portable equipment replacement (excludes stationary)	90%
Retrofit	100%

Table A-8: Maximum Grant Amount for Community Air Protection Incentives Locomotive Projects

Railroad Class and Type	All Project Types
Class 1 and class 2	85%
Class 3 and passenger	95%

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Table A-9a: Maximum Percentages of Eligible Cost for Community Air Protection Incentives Marine Projects

Commercial Harbor Craft Regulation Schedules	Baseline Technology	Project Type	Maximum Percentage
Vessels subject to Meeting Tier 2 or Tier 3 Standards	Tier 0,1 [75]	Engine repower or remanufacture kit compliant to EPA marine Tier 3	60%
Vessels subject to Meeting Tier 2 or Tier 3 Standards	Tier 0,1 [75]	Engine repower or remanufacture kit compliant to EPA marine Tier 4 [76], [77]	95%
Vessels subject to Meeting Tier 2 or Tier 3 Standards	Tier 2	Engine repower or remanufacture kit compliant to EPA marine Tier 3	90%
Vessels subject to Meeting Tier 2 or Tier 3 Standards	Tier 2	Engine repower or remanufacture kit compliant to EPA marine Tier 4 [76], [77]	95%
Vessels not subject to Commercial Harbor Craft Regulation Schedules for Meeting Tier 2 or Tier 3 Standards	Tier 0, 1, 2	Engine repower or remanufacture kit compliant to EPA marine Tier 3	90%
Vessels not subject to Commercial Harbor Craft Regulation Schedules for Meeting Tier 2 or Tier 3 Standards	Tier 0, 1, 2	Engine repower or remanufacture kit compliant to EPA marine Tier 4 [76], [77]	95%

[75] *Carl Moyer Program 2017 Guidelines*, Chapter 1, Section A, Part 2 requires projects to provide three years of surplus reductions prior to any applicable regulatory compliance deadline.
[76] Due to the absence of emission factors, 2016 and newer model year Tier 4 emission standards (*Carl Moyer Program 2017 Guidelines*, Appendix D, Table D-16) will be used for funding calculations.
[77] Engines using a Family Emission Limit (FEL) or Averaging, Banking, and Trading (ABT) to meet the Tier 4 emission standards will be funded at Tier 3 engine levels. Tier 3 emission factors will be used for funding calculations.

Table A-9b: Maximum Percentages of Eligible Cost for Community Air Protection Incentives Marine Case-By-Case Projects

Commercial Harbor Craft Regulation Schedules	Baseline Technology	Project Type	Maximum Percentage
Any vessel propulsion engine repower with an off-road Tier 3 or cleaner certified engine	Case-by-case basis	Case-by-case basis	Case-by-case basis
EPA Verified Marine Retrofit Device	Case-by-case basis	Case-by-case basis	Case-by-case basis
Installation of an EPA verified Hybrid System	Case-by-case basis	Case-by-case basis	95%
Shore power – ship side	Case-by-case basis	Case-by-case basis	100% retrofit cost
Shore power – ship side	Case-by-case basis	Case-by-case basis	65% transformer cost
Purchase of an EPA verified marine vessel exhaust capture and control system	Case-by-case basis	Case-by-case basis	Case-by-case basis

1. **Maximum Eligible Funding Amounts for Community Air Protection Incentives Light-Duty Vehicles.** Light-duty vehicle projects are subject to the Moyer Program cost-effectiveness limit and must meet all other relevant criteria in the 2017 Moyer Guidelines, Chapter 8: Light-Duty Vehicles, section D. Incentives paid for eligible light-duty vehicle projects are limited to a maximum of $1,500 per vehicle. Air districts have the authority to set more stringent project requirements.
2. **Maximum Eligible Funding Amounts for Community Air Protection Incentives Lawn and Garden Equipment Replacement.** The maximum total project funding amount associated with reducing the eligible costs of a L&GE replacement project has been predetermined as $145 per lawn mower.

Table A-10: Maximum Percentage of Eligible Cost for Community Air Protection Incentives Infrastructure Projects

Infrastructure Project Type	Maximum Percentage of Eligible Cost
Any infrastructure project	60%
Any infrastructure project located at a sensitive receptor	100%
Publicly accessible project	70%
Projects with solar/wind power systems	75%
Publicly accessible projects with solar/wind power systems	85%
Public school buses – battery charging and alternative fueling	100%
Additional incentive for projects also serving a port, railyard, or freight facility	+10%

C. Guideline Modifications to Add Greater Flexibility for School Buses

Changes to school bus eligibility for projects funded with CAP incentives require the following Moyer Guidelines modifications.

- Modification to allow private transportation contractors that transport school children to be eligible for funding

  Chapter 4, Section C.2.(B)(2) is modified to read as follows:

  (2) Eligible Applicants: Public school districts in California that own their own school buses are eligible for funding. Where a Joint Powers Authority (JPA) has been formed by several public school districts and the JPA holds ownership of the school buses, then the JPA is also eligible for funding. Private transportation providers that own their own school buses and contract with public school districts to provide transportation services for public school children are also eligible for funding under the complete requirements of Section C.2.(B). Private schools and any private company or non-profit agency not providing

transportation services to public school children are not eligible to receive funding for school bus projects. Following public outreach to affected communities and consideration of public input, air districts may give priority to unfunded project applications from eligible applicants submitted through the Rural School Bus Pilot Project or other school bus incentive programs regardless of their existing procedures for Moyer project application review and selection. CARB staff will provide assistance upon request for assessment of such projects relative to Moyer Program requirements.

- Modification to allow average fleet usage to be used when determining potential grant amounts

  Add new sub-section (10) to Chapter 4, Section C.2.(B), which reads as follows:

  (10) Annual usage for school bus projects will be determined as outlined in Chapter 4, Section B.5, except that air districts may allow for grant amounts to be based on the minimum of two 12-month periods of the school bus fleet's average California usage during the previous 24 months. Only school buses with a gross vehicle weight rating greater than 14,000 pounds that are utilized to transport students to and from school will be included in the average usage value. In recognition of the school bus fleet's overall displacement of usage that will occur with the replacement of an old, low-usage school bus with a new school bus that will be used considerably more often, grant amounts for school buses complying with the Truck and Bus Regulation via the low-use exemption may still be based on the average usage value as described in this section.

D. Guideline Modifications to Clarify Eligibility Requirements and Provide a Larger Funding Share for Transport Refrigeration Units

Changes to transport refrigeration unit eligibility and an increase in funding share require the following guideline modification for projects funded with CAP incentives.

Chapter 4, Section C.2.(G)(3) is modified to read as follows:

(3) Transport Refrigeration Units (TRUs): Replacement of diesel transport refrigeration units with zero-emission or hybrid electric units is

an eligible Moyer Program project type. These projects are handled on a case-by-case basis.

a. Funding can be made available for zero-emission and hybrid electric replacement projects only.

b. Alternative technologies such as pure cryogenic systems are not required to be verified, but CARB must review and approve such systems as part of the project case-by-case evaluation.

c. The unit installed must include an hour-meter or other means to measure usage, and such usage information will be provided to the air district or CARB upon request.

d. The maximum State funding percentage is 75 percent.

E. Guideline Modification to Ensure Approved Proposition 1B Program Locomotive Projects are not Eligible to Receive Community Air Protection Incentives

The guideline modification below is intended to ensure that locomotive projects that have already been approved for funding through the Proposition 1B Program are no longer eligible to receive CAP incentives.

Add new sub-section (K) to Chapter 6, Section D.1., which reads as follows:

(K) Locomotive projects that have already been approved for funding by the Proposition 1B Program are not eligible for funding with CAP incentives, even if the project under the Proposition 1B Program is later terminated.

F. Guideline Modifications to Clarify Necessary Changes to Cost-Effectiveness Calculation Methodology for Community Air Protection Incentives Projects

For projects funded with CAP incentives, the Moyer Guidelines are modified to provide clarification and direction on how to account for changes that affect the cost-effectiveness calculation methodology, such as the removal of State funding caps and higher maximum percentages of eligible cost.

Appendix C, Section B.1. is modified to read as follows:

1. Determining the Maximum Grant Amount

The calculation methodology below must be applied in order to ensure final grant amounts meet the cost-effectiveness limit requirement and do not exceed incremental cost based on the maximum percentage or any other funding cap. For advanced technology projects that include a baseline vehicle dirtier than the cleanest required standard, the calculations in (A), (B), and (C) [78] below must be applied twice. The project life may differ between the first and second series of calculations, depending on availability of surplus emissions reductions. The first series of calculations is made using the base cost-effectiveness limit and the emissions reductions going up to the cleanest required standard (including deterioration). The second series of calculations is made using the advanced technology cost-effectiveness limit and the emissions reductions beyond the cleanest required standard. The final maximum grant amount is equal to the combined total of the lowest values from each series. Note that school bus projects are subject to State funding caps and a separate cost-effectiveness limit as listed above in Table C-2. The maximum grant amount for any given project is the lowest of the three following calculations, using formulas C-1 through C-14 as applicable:

- The potential grant amount at the cost-effectiveness limit;
- The potential grant amount based on the maximum percentage of eligible cost; or
- The potential grant amount based on any maximum dollar amount or other funding cap specified in the relevant source category chapter.

Zero-emission on-road projects funded with CAP incentives have no State funding caps for either series of calculations. Note that the removal of State funding caps opens up considerably more opportunities to co-fund with other State-funded incentives programs, such as the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project funded by GGRF. Most CAP incentives projects have maximum percentages of eligible cost that differ from projects funded with Moyer Program funds. See Table C-3

[78] For clarity, Sections (A), (B), and (C) can be found on pages C-4 to C-10 of the *Carl Moyer Program 2017 Guidelines*.

below for examples of how removal of State funding caps can affect maximum grant amounts for zero-emission on-road projects. Note that currently available zero-emission trucks may not yet support high-mileage applications.

Table C-3: Maximum Grant Amounts for Zero-Emission On-Road Projects, using Moyer Program Funds Versus Community Air Protection Incentives

Application	Baseline EMY	Estimated Total Cost	Annual Mileage	Moyer Funds Max Grant	CAP Incentives Max Grant
HHD Drayage	2008	$300,000	40,000	$127,000	$127,000
HHD Drayage	2008	$300,000	60,000	$186,000	$220,000
HHD Drayage	2008	$300,000	100,000	$200,000	$285,000
MHD Warehouse Truck	2010	$180,000	35,000	$115,000	$115,000
MHD Warehouse Truck	2010	$180,000	60,000	$144,000	$171,000
HHD Warehouse Truck	2010	$300,000	35,000	$126,000	$126,000
HHD Warehouse Truck	2010	$300,000	60,000	$200,000	$285,000

Appendix C, Section B.1.(C) is modified to read as follows:

(C) The potential grant amount based on any maximum dollar amount or other funding cap is specified in the relevant source category chapter. Note that zero-emission on-road projects funded with CAP incentives have no State funding caps for either series of calculations. Zero-emission school bus projects have a State funding cap of $400,000, but no restrictions on the percentage of cost that can be funded.

G. Expanded Eligibility to Exempt Zero-Emission School Bus Projects from Demonstrating Compliance with the Statewide Truck and Bus Regulation

To be eligible for the Moyer Program, school bus fleets must demonstrate compliance with the requirements of the Statewide Truck and Bus Regulation (Regulation), both for the individual vehicle involved in the project as well as the

fleet as a whole. The Board directed in Resolution 18-15 that CAP incentives "… should prioritize zero-emission vehicles or infrastructure whenever feasible," and SB 856 states that "funds shall only be allocated to projects that will provide emission reductions that are in excess of those otherwise required by law or regulation." Zero-emission school bus projects generate emissions reductions in excess of those required by the Regulation regardless of compliance status. Applicants seeking CAP incentives funding for zero-emission school bus projects that serve school districts located within a disadvantaged or low-income community are exempt from the following requirements contained in the Moyer Guidelines:

- Chapter 2, Section D;
- Chapter 3, Section Y.6;
- The following sentence in Chapter 4, Section A.2.(B): [School buses] are required to be filtered unless operating under a CARB-issued extension up to January 1, 2018;
- Chapter 4, Section C.1.(D); and
- Chapter 4, Section C.2.(B)(3).

For zero-emission school bus projects funded using this exemption, if the baseline school bus does not have a diesel particulate filter installed, only NOx and ROG emission reductions may be considered when calculating cost-effectiveness and determining the maximum grant amount.

H. Proposition 1B Program Clean Truck Evaluation Guidance

Under AB 134, an air district may choose to spend up to 40 percent of its CAP incentives on clean truck projects, relative to funding amounts and truck evaluation, in accordance with the Proposition 1B 2015 Program Guidelines (note that subsequent appropriations of CAP incentives do not have a percentage restriction). Under those Guidelines, truck evaluation includes a ranking process. In addition to the ranking process for Proposition 1B projects, the Board has historically prioritized, on a yearly basis, how Proposition 1B Program funds should be directed to best meet the State's needs each year. As outlined in the Proposition 1B 2015 Program Guidelines, the Board's most recent priorities include the following:

- Replacement projects for zero-emission trucks, hybrid trucks capable of zero-emission miles, and optional low-NOx trucks certified to the 0.02 g/bhp-hr emission level;

- Truck projects to assist small fleets;
- Projects to replace, repower, or retrofit trucks, transport refrigeration units, commercial harbor craft, ships at berth, or cargo handling equipment to zero-emission and near-zero-emission technologies; and
- Locomotive projects based on engines meeting the most stringent national emission standards.

Similar to the above priorities, air districts may adopt the priorities of AB 617 as part of their ranking process. Air districts may adopt relevant priorities such as the following in ranking projects for CAP incentives:

- The project is located in and benefits communities identified during the implementation of AB 617 as having a high cumulative exposure burden;
- The project is located in and benefits a disadvantaged or low-income community, or a low-income household;
- The project is zero-emission;
- The project directly serves a sensitive population;
- The project has received support from groups or individuals in one of the communities identified during the implementation of AB 617 as having a high cumulative exposure burden.

Clean truck grant amounts are shown in Table A-2. Note that the project life of these projects is 5 years, or 300,000 miles for Class 5 and 6 trucks and 500,000 miles for Class 7 and 8 trucks, whichever comes first. Note also that "small fleets" is defined in the *Proposition 1B 2015 Program Guidelines* as any fleet with three or fewer trucks with greater than 14,000 lbs GVWR.

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Table A-2: 2015 Proposition 1B Program Guidelines: Clean Truck Grant Amounts

Eligible Truck Options	Class 5	Class 6	Class 7	Class 8	Project life
New MY 2016+ engine zero-emission truck	$80,000	$100,000	$200,000	$200,000	5 Years
New MY 2016+engine hybrid zero-emission mile truck	$50,000	$65,000	$150,000	$150,000	5 Years
New MY 2016+ engine optional low-NOx truck (0.02 g/bhp-hr or less)	$40,000	$50,000	$100,000	$100,000	5 Years
New MY 2016+ engine hybrid truck	$35,000	$45,000	$80,000	$80,000	5 Years
New MY 2016+ engine natural gas truck	$25,000	$40,000	$65,000	$65,000	5 Years
Small Fleets Only: Repower with a new MY 2016+ engine	N/A	$10,000	$20,000	$20,000	5 Years

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APPENDIX B: TARGETING INVESTMENTS TO AB 1550 POPULATIONS AND MAXIMIZING BENEFITS TO DISADVANTAGED COMMUNITIES AND LOW-INCOME COMMUNITIES AND HOUSEHOLDS

Funding for CAP incentives is appropriated from GGRF, so these funds must be spent in accordance with the requirements of California Climate Investments. The CCI Funding Guidelines, most recently approved by the Board in July 2018, establish requirements and recommendations for agencies administering California Climate Investments. [79]

The CCI Funding Guidelines contain set requirements for administering agencies to promote community-based solutions to meet our climate and air quality goals among other requirements and recommendations. This Appendix to the CAP Guidelines summarizes the steps CARB staff is taking to address specific requirements in the CCI Funding Guidelines related to targeting investments to be located within and benefit AB 1550 populations [80] and maximizing benefits to disadvantaged communities.

Requirements for Targeting Investments to Benefit AB 1550 Populations

CCI Funding Guidelines Requirement: Assess program structure for potential opportunities to target investments to benefit AB 1550 populations (e.g., set-asides, scoring criteria for competitive solicitations).

CAP Incentives Action: Through its Grant Agreements for CAP incentives, CARB staff is requiring that at least 80 percent of funds be invested in projects benefiting AB 1550 populations. Statewide targets have been established for CAP incentives as follows:

- At least 70 percent of funds will go to projects that are located in and provide direct, meaningful, and assured benefits to individuals living in disadvantaged communities.

[79] https://ww2.arb.ca.gov/resources/documents/cci-funding-guidelines-administering-agencies.

[80] Maps of priority populations can be found at: www.arb.ca.gov/cci-communityinvestments.

- An added 10 percent of funds will go to projects that are located in and provide direct, meaningful, and assured benefits to low-income households or individuals living in low-income communities.

Air districts are required to submit tentative project lists to CARB staff when requesting disbursement of their CAP incentives beyond the initial ten percent. This provides the opportunity to assess whether a sufficient number of those projects are in and benefit AB 1550 populations. Air districts must also submit documentation that demonstrates sufficient levels of community engagement and outreach, and shows that the air district is being responsive to the needs of their communities, as determined by CARB.

- Air districts can employ a variety of other design mechanisms to help target benefits to AB 1550 populations, including setting aside a percentage of funding or dollar amount that will be used only for projects that provide benefits to AB 1550 populations.
- In addition to solicitation structures, the Board previously approved changes to the Moyer Program contained in the CAP Supplement, which included an increase in the percentage of the total project cost that the Moyer Program can pay for most equipment, and removal of State funding caps for zero-emission on-road projects.

CCI Funding Guidelines Requirement: Evaluate project types for potential benefits to priority populations using the criteria available at: www.arb.ca.gov/cci-resources.

CAP Incentives Action: Staff reviewed the Clean Transportation and Equipment Benefit Criteria Table and determined that eligible project types will provide direct, meaningful, and assured benefits via incentives for vehicles, equipment, or renewable transportation fuel that reduce criteria air pollutant or TAC emissions, such as diesel particulate matter. For new stationary source project categories, CARB staff will develop additional evaluation criteria for providing benefits to priority populations if necessary.

Projects that benefit priority populations must identify a need that the project will address. CARB recommends that air districts and/or funding recipients directly engage local residents and community-based groups to identify an important need for that community along with steps to meaningfully address that need. As an alternative to direct community engagement, air districts and/or funding recipients can refer to the list of common needs in Table 5 of the CCI Funding Guidelines and select a need that has documented broad support from local community-based organizations and/or residents. Staff also reviewed the commonly identified needs of AB 1550 populations in the CCI

Funding Guidelines and identified the following needs applicable to Community Air Protection-funded projects:

- Reduce health harms suffered disproportionately by AB 1550 populations due to air pollutants.

  All CAP incentives projects will reduce criteria air pollutants and/or TACs as co-benefits, thereby reducing health harms due to air pollutants.

- Provide educational and community capacity building opportunities through community engagement and leadership.

  Public workshops have informed the development of this Supplement. Continued public outreach by air districts will be a critical step in CAP incentives project selection and is required by Grant Agreements.

- Reduce exposure to local environmental contaminants, such as TACs, criteria air pollutants, and drinking water contaminants.

  The purpose of CAP incentives is to directly reduce toxic and criteria air pollutants in the communities most burdened by air pollution, as an early action in support of AB 617. New direction described in SB 856 also includes elements of consideration for risk and exposure reduction.

Air districts will evaluate projects using the Clean Transportation and Equipment Benefit Criteria Table [81] to ensure that projects counted toward the statutory investment minimums: 1) are located within a census tract identified as a disadvantaged community or low-income community, or directly benefit residents of a low-income household; 2) meaningfully address an important community or household need for the disadvantaged community, low-income community, or low-income household; and 3) identify at least one direct, meaningful, and assured benefit to priority populations, using the evaluation criteria in the table. Air districts can fund projects that otherwise provide meaningful benefits, but do not meet these criteria; however, those projects will not be counted toward investment minimums. As noted above, new priority population benefit criteria will be developed if necessary for the new stationary source project categories.

[81] The Clean Transportation and Equipment Benefit Criteria Table is found at https://www.arb.ca.gov/cc/capandtrade/auctionproceeds/ccidoc/criteriatable/criteria-table-cte.pdf.

CCI Funding Guidelines Requirement: Target funding, to the extent feasible, to projects that are located within and benefit residents of AB 1550 communities and low-income households.

CAP Incentives Action: As discussed above, the existing program structure will help ensure the targets identified for CAP incentives are met. The Grant Agreements also require that air districts target funds to prioritize emissions reductions in communities identified or under consideration through the AB 617 process.

CARB considers the investment targets to be a floor and strives to exceed them. In project implementation, CARB and air districts must consider, in particular, advice and guidance from residents of disadvantaged communities, especially disadvantaged communities that are identified as particular areas of concern through the AB 617 process.

CCI Funding Guidelines Requirement: Create or modify program guidelines or procedures to meet or exceed AB 1550 program targets.

CAP Incentives Action: CARB staff has developed the proposed CAP Guidelines and the already approved Moyer Supplement to provide project opportunities in ways that are responsive to AB 617, the Legislature's direction in its budget appropriations, the comments made at public workshops, and the guiding principles for California Climate Investments. This will help the expenditure of CAP incentives to meet or exceed AB 1550 program requirements.

CCI Funding Guidelines Requirement: Design programs and select projects that avoid substantial burdens to residents of disadvantaged and low-income communities, such as increased exposure to toxics or other health risks.

CAP Incentives Action: The proposed CAP Guidelines and the already approved CAP Supplement include changes to further incentivize the adoption of zero-emission equipment to maximize reductions in criteria air pollutants and TACs by removing State funding caps for zero-emission on-road projects. The Board also stipulated that any funding incentives should prioritize zero-emission vehicles or infrastructure whenever feasible when it approved the CAP Supplement last year. Additionally, Grant Agreements require the air districts to "hold public meetings and conduct other outreach to seek input from local residents and community groups on community needs and potential projects" and to "select and fund projects in accordance with feedback received during community outreach in support of AB 617." Community input may include identification of potential substantial burdens.

CCI Funding Guidelines Requirement: Implement outreach efforts that seek to directly engage and involve local community residents and community-based organizations in disadvantaged and low-income communities. These actions should begin in the early stages and continue through project implementation, as feasible.

CAP Incentives Action: For communities selected pursuant to AB 617 for community air monitoring and/or emissions reduction programs, steering committees have been established, or are in the process of being established, consisting largely of local community members. The purpose of these committees is to guide air district implementation of AB 617 and ensure community voices are heard. Committees meet on a semi-regular basis to discuss all aspects of AB 617, including how best to direct incentives to local priorities of concern.

CARB conducts outreach and engages with communities as well, both to selected communities and those under consideration for future selection. CARB held the first of multiple series of community meetings throughout February to discuss approaches for consideration and selection of additional communities, strategies to continue to support effective program implementation, and development of these new guidelines. These meetings were held on February 5 in Lamont, February 6 in Visalia, February 11 in Stockton, as well as a webinar for statewide participation held on February 27. CARB held additional public workshops to specifically discuss incentives in greater detail, held on February 6 in Visalia, and a separate webinar on February 27.

Outreach by air districts is ongoing. Grant Agreements require the air districts to "hold public meetings and conduct other outreach to seek input from local residents and community groups on community needs and potential projects" and to "select and fund projects in accordance with feedback received during community outreach in support of AB 617." CARB reports on outreach conducted in support of CAP incentives as part of the annual reports to the Legislature on California Climate Investments. Some air districts are also using both online and paper surveys to collect public advice on the kinds of projects that will make a difference in their communities.

Requirements for Maximizing Benefits to Disadvantaged Communities

CCI Funding Guidelines Requirement: When selecting projects for a given investment, give priority to those that maximize benefits to disadvantaged communities (e.g., use scoring criteria that favors projects that provide multiple benefits or the most significant benefits, as defined by the administering agency) and provide clarity in how that priority is given.

CAP Incentives Action: Air districts have the ability to select projects according to their local priorities and concerns, within the constraints of the program guidelines. When requesting disbursements of funds from CARB, air districts must submit documentation that demonstrates that they are being responsive to the needs of communities disproportionately affected by air pollution, as well as a project list demonstrating sufficient funding is going to disadvantaged communities.

CCI Funding Guidelines Requirement: Provide direct outreach to groups of potential applicants in disadvantaged communities to increase awareness of funding opportunities and the ability of applicants to seek funding and benefit from projects. Conduct outreach in or near disadvantaged communities to seek input on important community needs from local residents and community-based organization.

CAP Incentives Action: In cooperation with local air districts and CAPCOA, CARB has held and is continuing to hold workshops and public meetings on CAP Incentives, reaching out to both disadvantaged and communities and to potential Moyer Program grant applicants for equipment they operate in those communities. Outreach by air districts is ongoing. Grant Agreements require the air districts to "hold public meetings and conduct other outreach to seek input from local residents and community groups on community needs and potential projects." Air districts have established or are setting up Community Air Protection websites, including information on CAP incentives and projects under consideration. Additionally, CARB has developed a website to promote the CAP incentives and increase awareness of funding opportunities for eligible projects at https://www.arb.ca.gov/msprog/cap/capfunds.htm.

CCI Funding Guidelines Requirement: Publicly identify an agency or program point of contact or liaison to provide program-specific information, including funding opportunities, program application requirements, eligibility determinations, and application or technical assistance.

CAP Incentives Action: Agency points of contact for CAP incentives have been designated by both CARB and local air districts. There is also a CAP incentives contact responsible for outreach events and updating the consolidated California Climate Investments Calendar on a regular basis.

APPENDIX C: ACRONYMS

AB ..... Assembly Bill

Air District ..... Air Pollution Control or Air Quality Management District

APCO ..... Air Pollution Control Officer

ASHRAE ..... American Society of Heating Refrigeration and Air Conditioning Engineers

ATCM ..... Airborne Toxic Control Measure

BACT ..... Best Available Control Technology

CAPCOA ..... California Air Pollution Control Officer's Association

CAP ..... Community Air Protection

CAP Guidelines ..... *Community Air Protection Incentives 2019 Guidelines*

CAP Supplement ..... *Community Air Protection Funds Supplement to the Carl Moyer Program 2017 Guidelines*

CARB ..... California Air Resources Board

CARL ..... Clean Air Reporting Log

CCI Funding Guidelines ..... *Funding Guidelines for Agencies that Administer California Climate Investments*

CCIRTS ..... California Climate Investments Reporting and Tracking System

CCR ..... California Code of Regulations

CEC ..... California Energy Commission

CEQA ..... California Environmental Quality Act

cfm ..... Cubic Feet per Minute

CFO ..... Chief Financial Officer

Chrome Plating ATCM ..... Hexavalent Chromium Airborne Toxic Control Measure for Chrome Plating and Chromic Acid Anodizing Operations

g ..... Grams

g/kw-hr ..... Grams per Kilowatt-Hour

GAAP ..... Generally Accepted Accounting Principles

GACB ..... Governmental Accounting Standards Board

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GGRF ..... Greenhouse Gas Reduction Fund
GHG ..... Greenhouse Gas
GVWR..... Gross Vehicle Weight Rating
H&SC ..... California Health and Safety Code
HC ..... Hydrocarbons
HEPA Filter..... High Efficiency Particulate Air Filter
HHD ..... Heavy Heavy-Duty
hr ..... Hours
HVAC ..... Heating, Ventilation, and Air Conditioning
HVIP ..... Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project
HWPW..... Hardwood Plywood
JPA..... Joint Power Authority
K-12..... Kindergarten through Twelfth Grade
kW ..... Kilowatt
L&GE..... Lawn and Garden Equipment
lbs..... Pounds
LHD ..... Light Heavy-Duty
µm ..... Microns or Micrometers
MERV ..... Minimum Efficiency Rating Value
MDF ..... Medium-Density Fiberboard
mg/amp-hr ..... Milligrams per Ampere-Hour
mg/hr ..... Milligrams per Hour
MHD..... Medium Heavy-Duty
MOA ..... Memorandum of Agreement
MOU ..... Memorandum of Understanding
Moyer Guidelines..... *Carl Moyer Program 2017 Guidelines*
Moyer Program ..... Carl Moyer Memorial Air Quality Standards Attainment Program
NAF..... No-Added Formaldehyde Resin
NOx..... Oxides of Nitrogen

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PB ..... Particleboard

PPM ..... Parts per Million

Proposition 1B Program ..... Proposition 1B Goods Movement Emission Reduction Program

ROG ..... Reactive Organic Gases

SB ..... Senate Bill

SORE ..... Small Off-Road Equipment

Thin MDF ..... Thin Medium-Density Fiberboard

TSCA ..... Toxic Substances Control Act

ULEF ..... Ultra-Low Emitting Formaldehyde

U.S. EPA ..... United States Environmental Protection Agency

VIN ..... Vehicle Identification Number

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APPENDIX D: DEFINITIONS

Active Transportation: Any method of travel that is human-powered, most commonly walking and bicycling.

Add-On Air Pollution Control Device: Equipment installed in the ventilation system of chromium electroplating and anodizing tanks or chromium bath tanks for the purposes of collecting and containing chromium emissions from the tank(s).

Administrative Funds: State funds allocated to program support and outreach costs directly associated with implementing the Community Air Protection Program.

Air District: An air pollution control district or an air quality management district.

Air Filtration: The means by which to remove airborne particles that are harmful to human health and to obtain a specified level of particulate cleanliness.

Air Pollution Control Officer (APCO): The air pollution control officer, executive director, executive officer or designee as determined by each air district.

Airborne Toxic Control Measure (ATCM): A regulatory measure enacted by CARB. CARB's *ATCM to Reduce Formaldehyde Emissions from Composite Wood Products* controls formaldehyde emitting from composite wood.

Ampere-Hour: The integral of electrical current applied to a plating tank (amperes) over a period of time (hours).

Applicant: An applicant is an owner or operator that has applied for funding. An applicant can also be a participant (see participant).

Applicant Cost Share (ACS): The 15 percent or more of Eligible Cost (MEC) that is paid by the applicant, except when waived for public entity applicants.

Awardee (Grantee): An air district that has secured and disbursed the awarded grants.

Baseline Technology: Engine technology applied under normal business practices, such as the existing engine in a vehicle or equipment for replacements, repowers, and retrofits.

BACT: stands for best available control technology.

Building Energy Efficiency Standards: Criteria set by the California Energy Commission that helps to reduce a building's energy consumption.

California Climate Investments Program: A statewide program that utilizes billions of Cap-and-Trade dollars to reduce greenhouse gas (GHG) emissions, strengthen the economy and improve public health and the environment.

California Air Pollution Control Officer's Association (CAPCOA): A non-profit association of the air pollution control officers from all 35 local air districts throughout California.

Case-by-Case Determination: A process in which local air districts may request CAP incentives staff to review and approve a project that varies from the specific requirements of these Guidelines only if such approval will not adversely affect the achievement of real, surplus, quantifiable, enforceable and cost-effective emissions reductions. See Chapter 3: Program Administration, Section G, for additional information.

Certification: A finding by the Air Resources Board (ARB) or the U.S. EPA that a mobile source or emissions control device has satisfied applicable criteria for specified air contaminants. For composite wood, CARB-approved third-party certifiers verify that manufactures of composite wood panels are in compliance with the ATCM to control formaldehyde emissions in composite wood.

Chemical Fume Suppressant: Any chemical agent that reduces or suppresses fumes or mists at the surface of an electroplating or anodizing bath; another term for fume suppressant is mist suppressant.

Chromic Acid: The common name for chromium anhydride ($CrO_{3)}$.

Chromic Acid Anodizing: The electrolytic process by which an oxide layer is produced on the surface of a base material for functional purposes (e.g., corrosion resistance or electrical insulation) using a chromic acid solution. In chromic acid anodizing, the part to be anodized acts as the anode in the electrical circuit, and the chromic acid solution, with a concentration typically ranging from 50 to 100 grams per liter, serves as the electrolyte.

Chromium Electroplating or Anodizing Tank: The receptacle or container in which hard or decorative chromium electroplating or chromic acid anodizing occurs, along with the following accompanying internal and external tank components needed for chromium electroplating or chromic acid anodizing. These tank components include, but are not limited to, rectifiers fitted with controls to allow for voltage adjustments, heat exchanger equipment, and circulation pumps.

Clean Air Reporting Log (CARL): An on-line database tool maintained by CARB and used by air districts to track and report projects and funds under the CAP Guidelines.

Community Air Protection (CAP) Incentives or Community Air Protection Funds: Funds appropriated from GGRF, awarded by CARB to local air districts in partnership with local communities to implement incentives projects. These projects are intended to mitigate emissions exposure in communities most impacted by air pollution.

Competitive Bidding Process: For CAP incentives purposes, the process by which an air district or applicant competitively selects projects or eligible equipment, respectively. For competitive bids required of air districts, the process, including selection criteria, must be outlined in the air district solicitation and approved by the air district board.

Composite Wood: Wood based panels made from wood pieces, particles, or fibers that are bonded using an adhesive or resin that may consist of formaldehyde.

Conversion: The replacement or modification of the original engine or vehicle to include either a cleaner engine or other system that provides motive power *and change of the fuel type used* (2017 Revisions to the Moyer Guidelines, Chapter 4, section A.1(C)).

Cost-Effectiveness: A measure of the dollars provided to a project for each ton of covered emissions reduction (H&SC § 44275(a)(4)).

Cost-Effectiveness Limit: The maximum amount of funds that can be granted to CAP incentives projects per weighted ton of emissions reduced, using the methodology in Appendix C of the Moyer Guidelines.

Criteria Air Pollutants: A group of air pollutants identified by the Clean Air Act that can negatively impact peoples' health and the health of the environment.

Earned Interest: Interest generated from CAP incentives held by an air district in interest-bearing accounts. The earned interest from CAP incentives is added to an air district's available project funds.

Electric Vehicle Supply Equipment (EVSE): An electrical energy transfer device that conducts and regulates power from the electrical portal connection to the electrical vehicle inlet.

Electroplating or Anodizing Bath*:* The electrolytic solution used as the conducting medium in which the flow of current is accompanied by movement of metal ions for the purpose of electroplating metal out of the solution onto a work piece or for oxidizing the base material.

Eligible Cost: Costs associated with projects that are eligible for reimbursement under the CAP Guidelines, prior to considering the cost-effectiveness limit or any project funding cap restrictions. This includes the sum of CAP incentives Paid Cost and Remaining Eligible Cost.

Emissions Control System: Any device, system, or element of design that controls or reduces the emissions of regulated pollutants from a vehicle.

Executed Contract: A legally binding contract signed by the local air district APCO, or other air district designated representative, and the grantee to fund an eligible engine, equipment, or vehicle project that will reduce covered emissions. An executed contract is a program milestone in which parties agree to meet the obligations within the contract by a specified date.

Existing Lawn Mower: An internal combustion engine-powered, operational lawn mower owned and operated in California by the applicant.

Expenditure: To make a full or partial payment of CAP incentives toward a project invoice for an eligible CAP incentives project.

Federal Funds: Awards of financial assistance to an individual or organization from the U.S. government to carry out a government-authorized purpose, and not provided as personal benefits or assistance from the government.

Fiscal Year: The designation given to each year that air districts are awarded CAP incentives. Each funding year is associated with set times for achieving program milestones such as contract execution, fund expenditure, and fund liquidation. The Legislature appropriated a combined $495 million in funding in Fiscal years 2017-18 and 2018-19.

Formaldehyde: A poisonous, odorous gas that is a classified toxic air contaminant and used in manufacturing composite wood based products.

Funding Amount: The amount of funds dedicated to a contracted project for reporting purposes in CARL; this value may never exceed the grant amount.

Funding Cap: The maximum dollar amount or maximum percentage of CAP incentives or State funds that may be expended on a project, as specified by source category and limited by variables that include the contribution of other incentive programs, rules, regulations, and incremental cost.

Funding Target: The total funds required to meet a program milestone such as funds executed or liquidated during a funding cycle, for purposes of cumulative tracking and reporting. Funding targets consider regular CAP incentives, State Reserve funds, Rural Assistance Program funds, interest funds, reallocated funds, recaptured funds, interest and salvage revenues, and other funds associated with CAP incentives.

Grant Amount: Contracted amount of CAP incentives for a project, which may not exceed the maximum dollar amount or maximum percentage of eligible cost specified by source category and project type.

Grantee: See “Awardee”.

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Greenhouse Gases: A group of gases that trap heat in the atmosphere. These gases include: Carbon dioxide, Methane, Nitrous oxide, and Fluorinated gases.

Gross Vehicle Weight Rating (GVWR): A value specified by the vehicle manufacturer as the maximum design loaded weight of a single vehicle. Examples are shown in Table D-1.

Heavy-Duty Vehicles (HDV): Trucks and buses in the weight classes shown below in Table D-1.

Table D-1: Heavy-Duty Vehicle Classification for Community Air Protection Incentives On-Road Projects

Vehicle Classification	GVWR
Light Heavy-Duty (LHD)	14,001 to 19,500 pounds
Medium Heavy-Duty (MHD)	19,501 to 33,000 pounds
Heavy Heavy-Duty (HHD)	Over 33,000 pounds

Hexavalent Chromium: The form of chromium in a valence state of +6.

High Performance Particulate Air (HEPA) Filter: A filter that has a 99.97% efficiency rate of trapping microns that are smaller than .3 microns in size.

Incremental Cost: The cost of the project less a baseline cost that would otherwise be incurred by the applicant in the normal course of business.

Ineligible Cost: Costs associated with a project that are not eligible under the CAP Guidelines, but are eligible project costs under other funding sources.

Investor Owned Utility: A business providing utility services such as electricity, natural gas, telephone and water services, that is managed privately rather than as a function of a government or public cooperative. Examples are Pacific Gas and Electric, Southern California Edison, and Sempra Energy.

Lawn and Garden Equipment: Equipment used to maintain lawns and gardens. This equipment is generally, but not exclusively, powered by spark-ignition engines. This equipment is traditionally used in applications such as lawn mowers, edgers, trimmers, leaf blowers, and chainsaws. Equipment that does not fall into this category includes golf carts, specialty vehicles, generators, pumps, and other small utility equipment.

Lawn Mower Exchange Event: An occasion where participants' existing gasoline lawn mowers are exchanged for new cordless, zero-emission electric lawn mowers or vouchers for new, cordless, zero-emission electric lawn mowers.

Liquidate: To spend all moneys for a specified fiscal year to reimburse grantees for valid and eligible project invoices and air district administrative costs. Payments withheld from the grantee by an air district until all contractual reporting requirements are met may be excluded from these amounts for the purposes of liquidation (H&SC § 44275(a)(12)). For a specific project, liquidation refers to all funded equipment as paid in full and operational.

Local Funds: Monies provided by any unit of local government including a publicly owned utility and Joint Powers Authority (JPA).

Maximum Grant Amount: The maximum amount of money a grantee is eligible to receive for a cost-effective CAP Program project. The maximum grant amount for a project is the lowest of the three following values: (a) the grant amount at the cost-effectiveness limit; (b) the maximum percentage of eligible cost; or (c) any maximum dollar amount specified in the relevant source category chapter.

Maximum Percentage of Eligible Cost: The maximum percentage of eligible cost that may be expended on a project as specified by source category and project type, often to reflect incremental cost.

Memorandum of Agreement (MOA) or Memorandum of Understanding (MOU): A document recording the basic terms of a proposed transaction or setting forth the principles and guidelines under which parties will work together.

Minimum Efficiency Reporting Value (MERV): A measurement scale of the effectiveness of an air filter.

Mitigation Funds: Monies received for the compensation for the impacts to the environment from a proposed activity.

Moyer Program Funds: State funds awarded by CARB to local air districts to implement the Moyer Program, including project, administrative, and interest revenue from the awarded funds, and revenues from salvage of equipment scrapped under the program. Local funds that are under the air district's budget authority may also qualify as Moyer Program funds or match funds (see H&SC § 44287(e)); however, certain limitations apply (see H&SC § 44287(j)).

New Station: Construction of a new battery charging or alternative fueling station where there is currently no station.

Non-CAP Incentives: Project funds from sources other than CAP incentives.

Nonperformance: Program nonperformance is an air district's non-compliance with program guidelines or statute that is not corrected by the air district in a timely or satisfactory fashion.

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Off-Road Compression-Ignition Equipment: A piece of equipment that is powered by an off-road compression-ignition engine which is any internal combustion engine: in or on a piece of equipment that is self-propelled or serves as a dual purpose by both propelling itself and performing another function and is primarily used off the highways (such as garden tractors, off-highway mobile cranes and bulldozers); or in or on a piece of equipment that is intended to be propelled while performing its function (such as lawnmowers and string trimmers); or that, by itself or in or on a piece of equipment, is portable or transportable, meaning designed to be and capable of being carried or moved from one location to another. Indicia of transportability include, but are not limited to wheels, skids, carrying handles, dolly, trailer, or platform that is consistent with California Code of Regulations, title 13 section 2421.

Other Applied Funds: Funds that are not local, state, or federal that are used to co-fund an eligible CAP incentives project.

Operator: A person, corporation, public agency, or other entity that owns, operates or maintains a vehicle, equipment, or installation.

Owner: A person who is the owner or the operator (see Operator) of a facility performing hard chromium electroplating, decorative chromium electroplating, or chromic acid anodizing.

Paid Cost: Project costs eligible under CAP incentives, and are to be paid by CAP incentives. These costs are used to determine project cost-effectiveness, except in the case of infrastructure projects or other project categories that do not have a traditional cost-effectiveness calculation.

Participant: A participant is a facility owner or operator that applies for or has received grant funding

Penalty Funds: Funds paid to an enforcing entity as a result of enforcement action brought against a violator of a local, state or federal law, ordinance, regulation or rule.

Performance Test: A test to demonstrate compliance with the hexavalent chromium emission rate as specified in the Chrome Plating ATCM, Section 93102.7 or per local requirements, if applicable. The test must be conducted using one of the approved test methods specified in subsection 93102.7(c) and must show emissions reductions in excess of those otherwise required by law or regulation.

Priority Population: Priority populations include disadvantaged communities, low-income communities, and low-income households.

Policies and Procedures: An air district manual for local implementation of the CAP Guidelines. For more information see Chapter 3, Section B.

Project Life: The period for which CAP incentives are considered to provide emissions reductions in excess of those otherwise required by law or regulation for a given project.

Project Funds: CAP incentives designated for eligible project costs to reduce covered emissions from covered sources.

Public Entity: The State of California, a public university or college, a county, city, district, public authority, public agency, public corporation, another state government, the federal government, or any other subdivision or agency of a state government or the federal government.

Public Funds: Funds provided toward project costs by local, state or federal public entities, including grants, rebates and vouchers.

Reallocation: A process for allocating returned funds to eligible air districts. See Chapter 3, Section K for additional information.

Rebuilt or Remanufactured: Engines offered by the original engine manufacturer (OEM) or by a non-OEM rebuilder who demonstrates to CARB that the rebuilt engine and parts are functionally equivalent from an emissions and durability standpoint to the OEM engine and components being replaced.

Recaptured Funds: Project funds that are returned by a grantee to an air district or CARB because that grantee did not meet all of its contractual obligations. Air districts must spend these funds on another project in a later funding year.

Reduced Technology: Newer technology that is used by the applicant to obtain emissions reductions in excess of those otherwise required by law or regulation.

Replacement Lawn Mower: A cordless, zero-emission electric lawn mower.

Repower: A repower is the replacement of the existing engine with an electric motor or a newer emission-certified engine instead of rebuilding the existing engine to its original specifications.

Returned Funds: Funds returned by an air district to CARB for reallocation because they are either not liquidated by the required funding year liquidation deadline, or are associated with a CARB Incentive Program Review mitigation measure.

School Bus: Vehicles used for the express purpose of transporting students, kindergarten through grade 12, from home to school, school to home, and to any school sponsored activities.

Sensitive Receptor: Any residence including private homes, condominiums, apartments, and living quarters; education resources such as preschools and kindergarten through grade twelve (K-12) schools; daycare centers; and health care

facilities such as hospitals or retirement and nursing homes. A sensitive receptor includes long-term care hospitals, hospices, prisons, and dormitories or similar live-in housing.

Source: Any chromium electroplating or chromic acid anodizing operation and any equipment or materials associated with the selected associated air pollution control technique.

Stationary Source: An installation, facility, building, or other structure that can or does emit any affected pollutant directly or as a fugitive emission.

State Funds: Funds provided by a State agency for the purpose of co-funding projects under the CAP Guidelines. State agencies include every State office, department, division, bureau, board, commission, the University of California, and the California State University.

State Implementation Plan: Under the Clean Air Act, the plan submitted by a state that demonstrates attainment or maintenance of an air quality standard through implementation of specified control measures.

Supplemental Environmental Project: An environmentally beneficial project that a violator subject to an enforcement action voluntarily agrees to undertake in a settlement action to offset a portion of an administrative or civil penalty.

Support Vehicle: A vehicle that does not transport students to and from school but is instead used by the school for such activities as the upkeep of their grounds and the delivery of their food. This fleet of support vehicles is also called the "white fleet."

Technology: A system utilizing chemicals, mechanical equipment, or some other physical mechanism to treat and reduce hexavalent chromium emissions from a polluting source.

Third-Party Certifier: A CARB approved entity or organization that verifies the accuracy of the emission test procedures and facilities used by manufacturers to conduct formaldehyde emission tests, monitors manufacturer quality assurance programs, and provides independent audits and inspections.

Total Project Cost: The CAP incentives eligible cost and the CAP incentives ineligible cost for vehicles, equipment, engines, accessories, installation and infrastructure within a single CAP incentives project. An applicant may not accept grant funds from all sources that exceed 100 percent of total project cost excluding the Applicant Cost-Share.

Toxic Air Contaminant: A hazardous air pollutant that can exacerbate or cause cancer or other serious health effects in human health.

Toxic Substances Control Act: A law that regulates new and existing chemicals.

Trivalent Chromium Process: The process used for electrodeposition of a thin layer of chromium onto a base material using a trivalent chromium solution instead of a chromic acid solution.

Utility: A privately-owned company that provides the same or similar service for water, natural gas, and electricity as a public utility operated by a municipality.

Vehicle Miles Traveled (VMT): Total miles traveled by a vehicle in one year. Also called annual mileage or annual usage.

Verification: A determination by CARB or the U.S. EPA that a diesel emission control strategy meets specified requirements, based on both data submitted and engineering judgement. Third-party certifiers will verify that composite wood products meet CARB/U.S. EPA standards. Also see "Certification."

Violation: When an individual, company, or entity is responsible for violating an environmental law, regulation or rule.

White Fleet: The fleet of support vehicles, excluding school buses, such as light and medium heavy-duty flat beds and delivery trucks that transport goods and services to schools.

Yellow Fleet: The fleet of school buses that transport students to and from schools.

Zero-Emission Technology: A vehicle or equipment that emits no pollutants.

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APPENDIX E: REFERENCES

Chapter 1: Program Overview and Background

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