

BOARD MEETING DATE: December 2, 2022

AGENDA NO. 6

PROPOSAL: Adopt Resolution Recognizing Funds for FY 2022-23 Carl Moyer Program and Issue Program Announcements for Carl Moyer and SOON Programs

SYNOPSIS: These actions are to adopt a Resolution recognizing up to \$47 million in Carl Moyer Program grant funds from CARB with its terms and conditions for FY 2022-23, and to issue Program Announcements for “Year 25” of the Carl Moyer Program and the SOON Provision to solicit applications for eligible zero and low-emitting on- and off-road vehicles and equipment, including marine vessels and locomotives, and supporting infrastructure.

COMMITTEE: Technology, November 18, 2022; Recommended for Approval

RECOMMENDED ACTIONS:

1. Adopt the attached Resolution recognizing upon receipt up to \$47 million in FY 2022-23 Carl Moyer Program funds from CARB into the Carl Moyer Program SB 1107 Fund (32);
2. Issue Program Announcement #PA2023-04 to solicit projects for the FY 2022-23 “Year 25” Carl Moyer Memorial Air Quality Standards Attainment Program; and
3. Issue Program Announcement #PA2023-05 to solicit projects for the SOON Provision.

Wayne Nastri
Executive Officer

MMM:AK:WS:AY

Background

The Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) and the SOON Provision provide incentive funding for the incremental costs of purchasing cleaner-than-required engines and equipment. The Carl Moyer Program also allows funding for infrastructure projects that enable the deployment of advanced, cleaner technologies, which are needed to support the States’ and South Coast AQMD’s air quality goals. This is the 25th year for the Carl Moyer Program and the 18th year of the SOON Provision.

Proposal

This first action is to adopt the attached Resolution recognizing upon receipt up to \$47 million from CARB into the Carl Moyer Program SB 1107 Fund (32) for implementation of the FY 2022-23 “Year 25” Carl Moyer Program. CARB has tentatively allocated \$47 million to South Coast AQMD for the Carl Moyer Program. Of this amount, \$44 million is designated for project funding and \$3 million for administrative and outreach efforts. In addition, \$7.1 million is required by the Carl Moyer program from South Coast AQMD as the local match, these funds will be provided from AB 923 funds. Of this amount, \$6 million is designated for project funding and \$1.1 million for in-kind match contributions which may include program administration and outreach efforts.

In addition, the action is to also issue Program Announcements (PA) #PA2023-04 and #PA2023-05 for the Carl Moyer Program and the SOON Provision, respectively. The approximate amounts of available funding for these programs include \$44 million for the Carl Moyer Program and \$5 million for the SOON Provision. Staff anticipates receiving additional funds for this year’s Carl Moyer Program, which may include funds in support of CAPP incentive projects, State Reserve and/or the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program. Staff will provide a detailed account of available and awarded funds for this year’s Carl Moyer Program at the time of the award recommendations.

The Carl Moyer PA will solicit applications from equipment owners for the retrofit, repower or replacement of older, in-use on-road vehicles, off-road equipment (including agricultural equipment), locomotives, marine vessels and other heavy-duty vehicles and equipment with cleaner technologies. The Carl Moyer PA will also solicit applications for supporting infrastructure projects.

The SOON Provision is designed to achieve additional NO_x emission reductions above those that would be obtained from CARB’s In-Use Off-Road Diesel-Fueled Fleets Regulation. The SOON Provision PA will solicit projects that involve the retrofit, repower or replacement of off-road vehicles with cleaner technologies. As in previous years, South Coast AQMD will only fund diesel-to-diesel applications when alternative fuel engines/vehicles are not commercially available or certified by CARB, except for emergency vehicles.

The Carl Moyer Program Guidelines approved by CARB on April 27, 2017, and any subsequent updates or changes, will be utilized for the evaluation of projects submitted under the “Year 25” Carl Moyer and the SOON Provision PAs. Applicants will be able to submit their applications for both the Carl Moyer Program and the SOON Provision online. Proposals for all categories will be due by 11:59 pm on Tuesday, May 9, 2023. The Carl Moyer Program and the SOON Provision PAs are attached.

Funding Distribution

The Carl Moyer Program Guidelines include the requirement that at least 50 percent of the program funds be expended on projects that will reduce emissions in disproportionately impacted areas, which is tracked on a cumulative basis for all air districts. At least half of the funding allocated under SB 1107 and collected under AB 923 will be awarded to projects in disproportionately impacted areas. The Carl Moyer Guidelines also require that at least 50 percent of all funding available for the Carl Moyer Program and the SOON Provision, including roll-over funds from previous years and any returned funds from projects that fall through, be allocated to projects that will reduce emissions in disproportionately impacted areas.

Outreach

In accordance with South Coast AQMD's Procurement Policy and Procedure, a public notice advertising the PAs and inviting applicants will be published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County's Press Enterprise newspapers to leverage the most cost-effective method of outreach to the South Coast Basin.

Additionally, potential applicants may be notified utilizing South Coast AQMD's own electronic listing of certified minority vendors. Notice of the PAs will be emailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations and placed on South Coast AQMD's website (<http://www.aqmd.gov>) where it can be viewed by making menu selection "Grants & Bids." In light of COVID-19, South Coast AQMD will post pre-recorded presentations and host meetings to provide program information and application assistance for applicants interested in participating in the Carl Moyer Program. Also, to the extent possible, staff will conduct additional in-person outreach to potential applicants through community outreach and engagement.

Program Guidelines

At its July 8, 2005 meeting, the Board approved long-term Program Guidelines for the implementation of the Carl Moyer Program in the South Coast Air Basin. The proposed funding distribution for different equipment categories in this Board letter is made according to the criteria outlined in that guideline with emphasis on the following priorities in order to achieve the highest emissions reductions:

- Goods Movement (40 percent allocation);
- Environmental Justice (50 percent allocation);
- Cost-Effectiveness;
- Low Emission Engine/Vehicle Preference;
- Early Commercialization of Advanced Technologies/Fuels;
- Fleet Rules; and
- School Buses.

Benefits to South Coast AQMD

South Coast AQMD has supported a number of activities directed to the advancement of new technologies that will support progress in meeting air quality goals for the region. The successful implementation of the Carl Moyer Program and the SOON Provision are direct results of these technology advancement activities. The vehicles and equipment funded under these PAs will operate for many years, providing long-term emissions reductions.

Resource Impacts

CARB has tentatively allocated \$47 million to South Coast AQMD for implementation of the FY 2022-23 “Year 25” Carl Moyer Program. Of this amount, \$44 million is designated for project funding and \$3 million for administrative and outreach efforts. These funds will be recognized into the Carl Moyer Program SB 1107 Fund (32). In addition, \$7.1 million, which will be provided from AB 923 funds, is required as the local match from South Coast AQMD. Of this amount, \$6 million is designated for project funding and \$1.1 million for administrative and outreach efforts.

Attachments

1. Resolution
2. Carl Moyer Program Announcement #PA2023-04
3. SOON Provision Program Announcement #PA2023-05

RESOLUTION NO. 22-

**A Resolution of the South Coast Air Quality Management District Board
Recognizing Funds and Accepting the Terms and Conditions of the
FY 2022-23 Carl Moyer Grant Award**

WHEREAS, under Health & Safety Code §40400 *et seq.*, the South Coast Air Quality Management District (South Coast AQMD) is the local agency with the primary responsibility for the development, implementation, monitoring and enforcement of air pollution control strategies, clean fuels programs and motor vehicle use reduction measures; and

WHEREAS, the South Coast AQMD is authorized by Health & Safety Code §§40402, 40440, and 40448.5 as well as the Carl Moyer Memorial Air Quality Standards Attainment Program (§44275, *et seq.*) to implement programs to reduce transportation emissions, including programs to encourage the use of alternative fuels and zero and low-emission vehicles; to develop and implement other strategies and measures to reduce air contaminants and achieve the state and federal air quality standards; and

WHEREAS, the Governing Board has adopted several programs to reduce emissions from on-road and off-road vehicles, as well as emissions from other equipment, including the Lower Emission School Bus Program and the Carl Moyer Program; and

WHEREAS, the South Coast AQMD is designated as an extreme non-attainment area for ozone and as such is required to utilize all feasible means to meet national ambient air quality standards.

THEREFORE, BE IT RESOLVED that the Governing Board, in regular session assembled on December 2, 2022, does hereby authorize the Executive Officer to accept the terms and conditions of the FY 2022-23 (Year 25) Carl Moyer Program grant award and recognizes up to \$47 million from CARB to administer and implement the Year 25 Carl Moyer Program.

BE IT FURTHER RESOLVED that the Executive Officer is authorized and directed to take all steps necessary to carry out this Resolution.

Date

Faye Thomas, Clerk of the Board



**2023
CARL MOYER MEMORIAL
AIR QUALITY STANDARDS ATTAINMENT PROGRAM
PROGRAM ANNOUNCEMENT
“Year 25”
SOUTH COAST AQMD PROGRAM ANNOUNCEMENT
PA2023-04**

South Coast AQMD is pleased to announce the availability of funds for the Carl Moyer Memorial Air Quality Standards Attainment Program (hereafter “CMP”). The CMP has played a significant role in incentivizing equipment owners to purchase cleaner-than-required engines, vehicles and equipment. This year marks South Coast AQMD’s 25th year of CMP implementation.

The CMP is intended to obtain “surplus” emission reductions of Nitrogen Oxides (NOx), Particulate Matter (PM10) and Reactive Organic Gases (ROG) from heavy-duty vehicles and other equipment operating in California as early and as cost-effectively as possible. The CMP provides financial incentives to equipment owners to repower, retrofit or replace in-use heavy-duty vehicles and equipment with cleaner-than-required engine and equipment technologies that will achieve emission reductions that are real, surplus, quantifiable and enforceable.

SECTION I – PURPOSE

The purpose of this Program Announcement (PA) is to solicit project applications for the 2023 Carl Moyer Memorial Air Quality Standards Attainment Program (CMP). **The budget for this PA will be approximately \$52 million from the CMP Funds and AB 923 Match Funds. The South Coast AQMD expects to receive additional funds for this year’s CMP, which may include funds in support of AB 617-Community Air Protection Program and the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program.**

All applications will be evaluated based on the criteria set forth in this PA, the CMP Guidelines, and any subsequent updates and modifications/advisories to the Guidelines. This PA was prepared based on the latest version of the CMP Guidelines approved by the California Air Resources Board (CARB) on April 27, 2017, and all associated updates, which are available at: <https://ww2.arb.ca.gov/guidelines-carl-moyer>.

This PA generally identifies the equipment categories, project options and eligibility criteria to qualify for grant funding under this year’s CMP. Any tax obligation associated with an award is the responsibility of the grantee.

In the preparation of this PA, the words “Applicant” and “Contractor” are used interchangeably. South Coast AQMD staff will evaluate all qualified applications and make recommendations to the Governing Board for final selection of project(s) to be funded. All eligible projects will be ranked based on the cost-effectiveness of NOx, PM10 and ROG emissions reduced. Please note that depending upon the number of applications received in response to this PA, South Coast

AQMD may prioritize the selection of projects to reduce emissions in and around Disadvantaged Communities (DAC) and low-income communities located within the South Coast Air Basin (SCAB). While South Coast AQMD encourages all eligible applications, this means that some projects may not be selected based on their domicile address, regardless of their cost-effectiveness.

At least 50 percent of South Coast AQMD's CMP funds will be targeted for projects that meet the criteria of a disadvantaged or low-income community projects. Other non-CMP funding sources may have DAC and/or low-income status requirements that may limit South Coast AQMD's ability to award such funding to projects that do not meet applicable geographic or income requirements. The Office of Environmental Health Hazard Assessment (OEHHA) in the California Environmental Protection Agency (CalEPA) has developed the California Communities Environmental Health Screening Tool: CalEnviroScreen Version 4.0 (CalEnviroScreen 4.0). The CalEnviroScreen 4.0 tool will be used by South Coast AQMD to identify projects that qualify as a DAC, which is defined as scoring in the top 25th percentile and will strive to maximize the benefits to these communities. All applications will be assessed with the CalEnviroScreen tool to identify and verify if the project will benefit a DAC within the 25th percentile. This tool is available at: <https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40>

South Coast AQMD's CMP is administered locally through its Technology Advancement Office. The South Coast AQMD reserves the right to allocate its CMP funds among the program categories or to specific projects in accordance with South Coast AQMD priorities. Applicants may only be offered partial funding due to cost-effectiveness or funding category limitations (i.e., caps), and not all applications that meet the cost-effectiveness criteria may be funded.

SECTION II – LEGAL UPDATES AND AND DEFINITIONS

CONFLICT OF INTEREST

Applicant must address any potential conflicts of interest with other clients affected by actions performed by the firm on behalf of the South Coast AQMD. Although the applicant will not be automatically disqualified by reason of work performed for such firms, the South Coast AQMD reserves the right to consider the nature and extent of such work in evaluating the application. Conflicts of interest will be screened on a case-by-case basis by the South Coast AQMD General Counsel's Office. Conflict of interest provisions of the state law, including the Political Reform Act, may apply to work performed pursuant to this contract. An example of a conflict of interest may occur when a consultant applying on behalf of an applicant for funding under the Carl Moyer Program is also contracted with South Coast AQMD.

COMPLIANCE WITH APPLICABLE LAWS

Applicants must comply with all federal, state, and local laws, ordinances, codes and regulations. If the application is eligible for funding, all vehicles and/or equipment to be purchased, or installed must be compliant with all applicable federal, state, and local air quality rules and regulations, and will maintain compliance for the full Contract term.

COMPLIANCE WITH LABOR LAWS

If an application is deemed eligible, the applicant will be required to provide any labor violations that have occurred within the last three years to be further considered for an award. If awarded, the contractor will be required to notify South Coast AQMD in writing if they have been found by a court or federal or state agency to have violated labor laws. As part of their annual report, the contractor will complete a yearly certification in which they will either state that they have not been found by a court or federal or state agency to have violated labor laws or, if such violations have been found, the contractor will give South Coast AQMD details about those violations in the certification. If the contractor has previously provided that information to the South Coast AQMD, they will be required to reattach that previous notification to the certification and provide any additional details about those violations that have not previously been provided. The contractor's yearly certification will be due at the same time as the annual progress reports. South Coast AQMD reserves the right to terminate the contract with a contractor that has been found to have violated labor laws, and the contractor may be required to return any and all contract funds, as determined by South Coast AQMD. The contractor will also ensure that these requirements are included in all subcontracts.

STATEMENT OF COMPLIANCE

Government Code Section 12990 and California Administrative Code, Title II, Division 4, Chapter 5, require employers to agree not to unlawfully discriminate against any employee or applicant because of race, religion, color, national origin, ancestry, physical handicap, medical condition, marital status, sex, or age. A statement of compliance with this clause is included in all South Coast AQMD contracts.

ECONOMIC SANCTIONS (RUSSIA/UKRAINE)

On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (EO) regarding sanctions in response to Russian aggression in Ukraine. Applicants who are considered eligible for Carl Moyer Program funds under this Program Announcement and received executed contracts from South Coast AQMD, are obligated to comply with existing economic sanctions imposed by the U.S. government in response to Russia's actions in Ukraine.

DEFINITIONS

Alternative Fuel

Alternative fuels include compressed natural gas (CNG), liquefied natural gas (LNG), hydrogen (H₂), propane (LPG) and electric technologies. Experimental technologies and fuels will be referred to CARB for evaluation and possible eligibility in the Program.

Equipment Replacement

Equipment replacement means the replacement of an older vehicle or piece of equipment that still has remaining useful life with a newer, cleaner vehicle or piece of equipment. For Equipment Replacement project types, applicant must have owned and operated the old (i.e., existing) equipment in California for the previous two years from date of application. For locomotive projects, the applicant must have owned and operated the old equipment in California for minimum of one year.

Engine Repower

Engine repower means the replacement of an in-use engine with another, cleaner engine (more than 15 percent cleaner) within an existing vehicle or equipment.

Retrofit

An emission control system employed exclusively with an in-use engine, vehicle or piece of equipment. CARB guidance requires the applicant to select the highest-level technology certified for that engine that provides the most emission reductions. For many projects, this includes a diesel emission control device that reduces both PM and NOx emissions. In order to be eligible for CMP funding, the retrofit device must be verified for the specific engine family found on the equipment and achieve the highest-level emission reductions when compared to other verified retrofit devices. If a specific device reduces both NOx and PM, but the PM reduction from a retrofit is required by a regulation, only the NOx reduction may be eligible for funding.

South Coast AQMD Jurisdiction

The South Coast AQMD is the air pollution control agency for all of Orange County and the urban portions of Los Angeles, Riverside and San Bernardino counties. This area of 10,743 square miles is home to approximately 17 million people—about half the population of the state of California. It is the second most populated urban area in the United States and one of the smoggiest. Visit <http://www.aqmd.gov/nav/about/jurisdiction> for more information.

SECTION III -- FUNDING CATEGORIES

Project equipment must be domiciled within the SCAB and operate a minimum of 75% of the time within the boundaries of the SCAB, except for on-road replacement projects, which are required to operate at least 51% of the time in the SCAB. Below are the specific project categories identified for funding under this PA:

Project Category*	Examples
On-Road Heavy-Duty Vehicles	<ul style="list-style-type: none"> • Transit fleet vehicles • Drayage trucks • Solid waste vehicles • Public agency/utility vehicles • Emergency vehicle Replacement (fire apparatus)
Off-Road Equipment	<ul style="list-style-type: none"> • Marine Engine Repower • Shore Power • Construction Equipment • Industrial Equipment • Agricultural Mobile Equipment (loaders, tractors, water pulls, etc.) • Locomotives • Cargo Handling Equipment

Project Category*	Examples
Infrastructure (to fuel or power a zero or near zero emission, heavy-duty vehicle or equipment)	<ul style="list-style-type: none"> • Electric chargers • Alternative fueling stations for zero-emission and near zero-emission vehicles

*To be eligible for funding, all projects must be compliant with all applicable federal, state, and local air quality rules and regulations.

ON-ROAD VEHICLES

Below are the key requirements for on-road, heavy-duty vehicle projects:

- For on-road vehicles, a project's new engines may not be diesel-fueled (with the exception of Emergency Apparatus).
- Eligible engine model years are 2017 and older. Engine model years 2009 and older subject to the Truck and Bus Regulation are no longer eligible as their compliance life has passed
- Projects must include commercially available technologies that are certified or verified by CARB.

For purposes of the CMP, the following on-road vehicle classifications are used:

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

The proposed vehicle must be in the same weight class as the existing vehicle (LHD, MHD or HHD). The engine must be certified to the applicable heavy-duty intended service class as shown on the engine certification Executive Order. However, the following cases may be allowed: 1) MHD engines may be installed in HHD vehicles with GVWR up to 36,300 lbs. (10 percent higher than 33,000 lbs. GVWR) with written warranty verification by engine and chassis manufacturer, or 2) HHD engines may be installed in MHD vehicles if necessary for vocational purposes but only if the GVWR are within 10 percent of the HHD intended service class (i.e., GVWR of 29,701 lbs. or greater).

Executive Orders for on-road vehicles may be downloaded at:

<http://www.arb.ca.gov/msprog/onroad/cert/cert.php>.

Project emission reductions will be based on the lower of two 12-month periods of California usage during the previous thirty months. Fleet averages cannot be used.

A vehicle registration gap between March 1, 2020 and June 1, 2020 is acceptable provided that 24-month continuous registration would be demonstrated if the registration could be renewed between March 1, 2020 and June 1, 2020.

If usage was impacted during the period of March 1, 2020 to June 1, 2020, it can be substituted with usage from the 3-month period immediately before the 24-month period prior to application submittal.

Replacement of On-Road Vehicles

This project type involves the replacement of an older, in-use vehicle with a newer, cleaner vehicle. The replacement engine must be certified by CARB at or below the optional low NOx standard of 0.02 g/bhp-hr (or cleaner) and PM emission standard of 0.01 g/bhp-hr. In alignment with South Coast AQMD's 2016 AQMP, all on-road projects under the CMP must select the optional low-NOx, hybrid or zero-emission technologies. Diesel engines are not allowed in replacement vehicles except for Emergency Vehicles.

The South Coast AQMD requires that all on-road projects be operated within the South Coast AQMD jurisdiction for at least 75% of the time.

Applicants must clearly demonstrate their compliance status with the applicable CARB regulation (i.e., Statewide Truck & Bus Regulation, Drayage Truck Regulation, Fleet Rule for Public Agencies & Utilities, Transit Bus Regulation, TRU ATCM, etc.) at the time of application submittal and remain in compliance through final selection and contract execution (if selected).

Please note that if you are an owner of a fleet with 10 or fewer vehicles (greater than 14,000 lbs. GVWR), you may be eligible for funding through the On-Road Voucher Incentive Program (VIP). Currently, the VIP is the only incentive funding program in the SCAB that funds a compliant diesel vehicle or repower project. Please refer to the South Coast AQMD's VIP Web page to explore funding opportunities for replacement at: www.aqmd.gov/vip.

In addition, the following on-road projects will be considered on a case-by-case basis:

- On-road vehicles with a GVWR between 8,501 and 14,000 pounds,
- Retrofits that reduce NOx by at least 15 percent; for engines that are certified above 0.01 g/bhp-hr PM, the retrofit must also reduce PM emissions by 85 percent,
- Zero-emission transport refrigeration units (TRUs). Hybrid TRU projects are not eligible.

The two tables below provide the estimated amounts of possible awards for a heavy-duty vehicle replacement based on the existing diesel vehicle engine year, the annual mileage and the replacement vehicle type (0.02 low NOx or zero emission). The estimated awards are for fleet size of 10 trucks or less only. For fleet sizes of more than 10, the award amount cannot exceed 50 percent of the project cost, excluding taxes and fees.

Funding Table for Replacement Drayage Truck Projects

Annual Mileage of Existing Truck	Grant Amount for 0.02 NOx Drayage Replacement deployed in 2024*							
	2010	2011	2012	2013	2014	2015	2016	2017
Engine Model Year								
20,000 Miles/Year	\$118,219	\$114,076	\$109,933	\$80,045	\$77,678	\$75,311	\$72,943	\$70,576
30,000 Miles/Year	\$160,000	\$160,000	\$160,000	\$145,036	\$139,710	\$134,383	\$129,057	\$123,730
40,000 Miles/Year	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000

50,000 Miles/Year	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000
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Annual Mileage of Existing Truck	Grant Amount for ZE Drayage Replacement deployed in 2024*							
Engine Model Year	2010	2011	2012	2013	2014	2015	2016	2017
20,000 Miles/Year	\$332,167	\$321,514	\$310,861	\$235,846	\$229,632	\$223,417	\$217,203	\$210,989
30,000 Miles/Year	\$410,000	\$410,000	\$410,000	\$410,000	\$407,478	\$393,496	\$379,514	\$365,532
40,000 Miles/Year	\$410,000	\$410,000	\$410,000	\$410,000	\$410,000	\$410,000	\$410,000	\$410,000
50,000 Miles/Year	\$410,000	\$410,000	\$410,000	\$410,000	\$410,000	\$410,000	\$410,000	\$410,000

*The data on the tables are to be used for reference purposes only. The amounts represent a general estimation of the maximum award amount and are not to be used to determine individual award amounts.

On-Road Emergency Vehicle Replacement

Authorized emergency vehicles, as described in California Vehicle Code 165, including but not limited to fire apparatus, pumpers, ladder trucks, water tenders, and prisoner transport buses, are exempt from CARB regulations and therefore eligible for CMP funding. Eligible emergency vehicle projects are those in which an older, more polluting emergency vehicle is replaced with a new or used replacement vehicle with an engine meeting the current model year California emission standards. The older, replaced vehicle must be destroyed.

A fire truck reuse option is also available on a case-by-case basis. The fire truck reuse option allows fire departments to give away the existing old vehicle and destroy another older vehicle in its place.

On-Road Vehicle Conversion

Conversions involve 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. Hybrid conversion systems using internal combustion engines must be certified according to "California Certification and Installation Procedures for Medium-and Heavy-Duty Vehicle Hybrid Conversion Systems." The baseline engine model year for hybrid conversions must be 2010 or newer. The conversion system manufacturer must provide written confirmation that the funded vehicle would not exceed the certified allowable limit. All-electric conversion systems must receive an exemption Executive Order per Vehicle Code section 27156.

INFRASTRUCTURE

Infrastructure projects that enable the deployment of alternative, advanced, and cleaner technologies to support the State's air quality goals are also eligible for CMP funding. Depending upon the number of applications received, the South Coast AQMD may have to limit the available CMP funding that will be allocated to infrastructure projects. Specifically, projects in this category involve the installation of fueling or energy infrastructure that will be used to fuel or power zero or alternative fuel emission (subject to change) heavy-duty vehicles or

equipment. Infrastructure designed to exclusively fuel or charge light-duty vehicles is not eligible for CMP funding.

Infrastructure projects will be selected on a competitive basis taking into consideration the project location, total requested funding, the percentage of renewable source, public accessibility, expected usage for the life of the project, fleet commitments to utilize the infrastructure, equipment throughput relative to cost, project implementation timeliness, cost-share, and other factors. Each scoring criterion will be weighted as shown in the table below. The priority for project selection may change based on technology development/commercialization and requirements of any additional funds that may become available. Infrastructure projects are not subject to a cost-effectiveness limit, but are subject to maximum limits prescribed by CARB.

Infrastructure Project Scoring Criteria

Criteria #	Criteria	Percentage
1	Project Location (if in an AB617 community)	8%
2	Renewable Sources	8%
3	Expected Throughput Usage per District Cost	20%
4	Project Co-Funding	10%
5	Infrastructure Usage and Equipment Availability	30%
6	Project Readiness and Implementation	21%
7	Application Completeness at Submittal	3%
	Total	100%

Applicants must provide cost information that specifies the amount of funding requested and the basis for that request by attaching vendor quotes to the application. Non-public entities must provide quotes from a minimum of two different vendors with the application. The vendor quotes must be dated within 90 days of the application submittal date. Applicants need to inform vendors of the time frame of the award process so that they can estimate prices based on the future/projected order/purchase date.

Eligible costs include planning and engineering, permitting, equipment necessary for the functional operation of the infrastructure, and installation. Operational costs are not eligible and should not be included in the vendor quotes.

Applicants shall include a description of the installation vendor selection process. Applicants must demonstrate that they either own the land on which the project will be located, or control it through a long-term lease, easement or other legal arrangement, for the duration of the project life. Infrastructure projects may also require a case-by-case review by CARB.

Eligible infrastructure projects include, but are not limited to:

- Battery charging stations: New, conversion of existing, and expansion to existing battery charging stations for heavy-duty vehicles and equipment (not for light-duty vehicles)

- Hydrogen Fueling Station: New, conversion of existing, or expansion of existing hydrogen fueling station for heavy duty vehicles and equipment
- Stationary Agricultural Station: Pump electrification
- Shore Power: Shore-side electrification for projects not subject to CARB's shore power regulation. Only a port authority, terminal operator, or marine vessel owner is eligible for this type of infrastructure project.

A vehicle or equipment project is not required to be submitted as a condition of eligibility for infrastructure funding, however, priority will be given to such projects. The applicant must provide proof (i.e., letter of commitment from the fleet operator, purchase orders, etc.) that a sufficient number of supported vehicles/equipment be acquired and/or committed to utilize the infrastructure when the project is complete. For infrastructure expansion projects, documentation of increased throughput at the station is required to ensure the expansion is commensurate with projected fueling demand.

All projects funded need to be registered with the Department of Industrial Relations (DIR) and must comply with DIR requirements on labor practices which covers a broad prevailing wage. The Carl Moyer Program also specifies that applicants awarded a contract must comply with applicable provisions of Labor Code Sections 1720-1861.

OFF-ROAD COMPRESSION-IGNITION EQUIPMENT

This category includes off-road, mobile compression ignition equipment with engines greater than 25 horsepower. Off-road heavy-duty equipment/engines include, but are not limited to, construction equipment, agricultural equipment, marine engines, ship-side shore power and locomotive equipment. Portable equipment is not eligible for CMP funding. The following off-road equipment projects may be eligible for funding:

- **Repower:** The replacement of an existing engine with a newer emission-certified engine, or zero-emission system, instead of rebuilding the existing engine to its original specifications.
- **Retrofit:** The installation of a CARB-verified emission control system on an existing engine. Examples include, but are not limited to, particulate filters and diesel oxidation catalysts.
- **Equipment Replacement:** The purchase of new or used equipment with an engine certified to the current emission standard (Tier 4 Final) or zero-emission technology to replace an older, fully functional piece of equipment that is to be scrapped.

For off-road replacement and repower projects (excluding marine engines), the CMP guidelines specify that the horsepower rating of the new (or replacement) engine must not be greater than 125 percent of the original manufacturer rated horsepower of the old (or existing) engine. If the new engine is greater than 125 percent, then the eligible funding amount will be based on the cost of an engine or equipment with a horsepower rating that is no higher than 125 percent of the existing engine horsepower rating. The applicant must pay the additional costs associated with the higher horsepower engine and obtain a price quote for an engine or equipment that is within the 125 percent range for the funding determination. In addition, verifiable records on the existing engine must be provided with the application to accurately identify the engine manufacture year and horsepower (e.g., photographs of engine labels, statement from engine manufacturers, etc.).

Diesel Construction Equipment

According to CARB's In-Use Off-Road Diesel Vehicle Regulation (Off-Road Regulation), the construction fleets are categorized as follows:

Fleet Size	Horsepower Range
Small	Less than or equal to 2,500 HP
Medium	Between 2,500 HP and 5,000 HP
Large	Greater than 5,000 HP

On November 17, 2022, amendments to the Off-Road Regulation will be considered by CARB. Actions adopted by CARB at this time may significantly limit the eligibility of off-road equipment for CMP funding. If amendments are adopted as proposed, the potential funding for Tier 4 Final or Zero-Emission replacements and repowers will be available for the existing Tiers until the following dates:

Potential Funding	Large Fleets	Medium Fleets	Small Fleets
Tier 0	Not allowed	Not allowed	12/31/2025
Tier 1	Not allowed	12/31/2024	12/31/2027
Tier 2	12/31/2024	12/31/2026	12/31/2029

Tier 3 and Tier 4 Interim equipment may be replaced or repowered without restriction to Tier 4 Final or Zero Emission technologies when feasible. Proposed Off-Road Regulation Amendment above is pending CARB Board approval. We will evaluate projects based on the most updated Off-Road Regulation. In all cases, large and medium fleets must meet final compliance requirements and small fleets must meet final compliance requirements by December 31, 2026 to be eligible for funding. They must also demonstrate eligibility with the most current Off-Road Regulation & CMP Guidelines.

Fleets are also eligible to apply for funding through the Surplus Off-Road Opt-In for NOx (SOON) Program for new diesel engines, however additional demonstration of fleet compliance to the Off-Road Regulation is required. More information can be found at the Year 25 SOON Program Announcement. Please visit www.aqmd.gov/soon.

Applicants must submit information regarding fleet size and compliance status. **This must include the Diesel Off-Road On-line Reporting System (DOORS) ID of the fleet, the DOORS Compliance Snapshot, the DOORS equipment list, and the DOORS Equipment Identification Number (EIN) of the funded equipment.** All documentation submitted must be signed and dated by the applicant and include language certifying that the fleet list provided is accurate and complete.

Cargo Handling Equipment

Cargo handling equipment (CHE) is any motorized vehicle used to handle cargo delivered by ship, train, or truck, or used for scheduled routine maintenance activities at a port or intermodal rail yard. Equipment that handles cargo containers includes yard trucks, top handlers, side handlers, reach stackers, forklifts, and rubber-tired gantry (RTG) cranes.

Applicants must be in compliance with the CHE Regulations and equipment utilizing regulatory extensions are not eligible for funding. Cargo handling equipment located at other locations such as distribution warehouses must be in compliance with the off-road diesel regulation.

Agricultural Equipment

Diesel agricultural equipment are not subject to the off-road regulation. However, a statement of how the equipment will be used and what percentage of the time the equipment will be used for agricultural purposes is required in order to be eligible for the CMP funding. Agricultural equipment must be operated over 50% of the time in agricultural operations. Agricultural operations include, but are not limited to, activities such as the raising and harvesting of crops from soil, the raising of fowl or animals, logging, and forestry operations. A majority of the off-road vehicles used in facilities such as wineries, dairies, logging operations, farms, ranches, and wholesale are considered “agricultural operations”.

Large Spark-Ignition Equipment

LSI engines or alternative fuel-powered LSI internal combustion engines. Are designed for powering, but not limited to powering, forklift trucks, sweepers, generators, and industrial equipment. In order to be eligible for CMP funding, LSI fleets must have met the final compliance requirements. To be eligible for funding LSI fleets must have at least three years of emission reductions surplus to the LSI Fleet Regulation. If you have a large fleet of four or more forklift units or four or more units consisting of sweepers/scrubber, ground support equipment (GSE), and industrial tow tractors you must meet final LSI Regulation average emissions to be eligible for funding.

Marine Vessels

Marine vessel project types include engine repower and shore power. Only existing engines on a marine vessel with a fully functioning non-resettable hour meter are eligible for CMP funding.

Marine Engine Repower

Vessels subject to the in-use compliance requirements of CARB’s Commercial Harbor Craft (CHC) Regulation (i.e., barge, crew/supply, dredge, excursion, ferry, towboat and tugboats) are eligible for Carl Moyer Program funding as long as the vessel is fully compliant with the CHC Regulation. Based on the vessel’s operation, the newer engine’s emissions must be surplus to the currently required U.S. EPA marine engine emission standard (i.e., Tier 3 (for Commercial Fishing Vessels only), Tier 3 + DPF, Tier 4 and Tier 4 + DPF etc.). Remanufacture kits, which are comprised of engine component parts that, when installed, reduce the engine’s emissions, are subject to the same requirements as engine repower projects. For all marine engine repower projects, the replacement engine must provide at least a 15 percent NOx reduction relative to the baseline engine.

The final CHC Regulation were provided to the Office of Administrative Law by CARB on July 21, 2022. The updated CHC Regulation compliance dates for marine vessel types can be found on Table 7 through 10 of the Final Regulation Order at <https://ww2.arb.ca.gov/rulemaking/2021/chc2021>. Due to the updated compliance dates and Carl Moyer requirements for surplus emissions, the following table highlights eligible marine vessel repower projects based upon engine model year:

Marine Vessel Type	Engine Model Year
Ferries (except short-run ferries) Pilot Tugboats	2020 or newer
Research Excursion Commercial Passenger Fishing (or Charter Fishing)	2013 or newer
Dredges Barges Crew & Supply Workboats	2007 and newer
Commercial Fishing	All model years eligible

Ship-Side Shore Power

Limited CMP funding opportunities remain for ship-side shore power projects due to the applicability of CARB's At-Berth Regulation. Applicants must submit their CARB-approved Initial Terminal Plan to document compliance with CARB's Shore Power regulation. The proposed projects must provide emission reductions that are surplus to regulatory requirements. Projects not subject to CARB's regulation are eligible.

Locomotives

All new locomotives and replacement engines must be certified to Tier 4 standards or cleaner to be eligible for CMP funding. There are very limited CMP funding opportunities for Class 1 freight railroads. Such a project will be subject to a case-by-case approval by CARB. Class 2/Class 3 freight railroads and passenger railroads are not subject to any CARB fleet regulations and are therefore eligible for CMP funding.

The following project types are eligible for CMP funding:

1. Locomotive replacement (the reuse and/or recycling of the baseline chassis is allowed if the baseline engine is destroyed)
2. U.S. EPA-certified engine remanufacture kit or repower
3. Head-end power (HEP) unit (apply as an off-road engine project).

SECTION IV – APPLICATION SUBMITTAL REQUIREMENTS

Applicants must apply for CMP funding using the South Coast AQMD's CMP Online Grant Management System (GMS) which will be provided on January 10, 2023 at: www.aqmd.gov/moyer. In addition, all Business Information Forms including Conflict of Interest and Project Cost information, as described below, must also be submitted with the application. It is the responsibility of the applicant to ensure that all information submitted is accurate and complete. **Paper applications will not be accepted.**

PROJECT COST

Applicants must provide cost information that specifies the amount of funding requested and the basis for that request by attaching vendor quotes to the application. The vendor quotes must be

dated within 90 days of the application submittal date. Applicants need to inform vendors of the time frame of the award process so that they can estimate prices based on the future/projected order/purchase date.

Purchase orders or other purchase commitments shall not be placed until after the date of award approval by the South Coast AQMD Governing Board. Purchase orders may be placed after South Coast AQMD Governing Board approval and in advance of a fully executed contract, but these orders/commitments are placed at the applicant's own risk.

The CMP will fund only a percentage of the cost of the near-zero emission or zero-emission technology based on the type of project. The proposed near-zero emission or zero-emission technology must be certified, verified or approved by CARB in most cases. No administrative or operational costs will be funded.

All project costs must be clearly indicated in the application. In addition, applicants must disclose all sources of co-funding, including the name of the funding source and amount of funding in the application. **Applicants are cautioned that the project life period used in calculating emissions reductions will be used to determine the length of their annual reporting obligation.** In other words, a project applicant using a ten-year life for the emissions reduction calculations will be required to operate, track and report activity for the project vehicle for the full ten years. The contract term will also be ten years.

Applicants are not required to calculate a project's cost-effectiveness. Methodologies for calculating cost-effectiveness are provided in the CARB Moyer Guidelines at: https://www.arb.ca.gov/msprog/moyer/guidelines/2017gl/2017_gl_appendix_c.pdf.

APPLICATION SUBMISSION

All online applications must be submitted according to specifications set forth herein. Failure to adhere to these specifications may be cause for rejection of the application without evaluation.

Grounds for Rejection: An application may be immediately rejected if:

- Does not include correct documentation and other forms required.
- All applications are not signed by an individual authorized to represent the firm

Staff Contact Information: South Coast AQMD staff contacts for each category are listed under South Coast AQMD Staff Contacts and Additional Resources below. Applicants may contact South Coast AQMD staff to discuss their project prior to submitting an online application to ensure program eligibility.

Business Information Forms: All business information forms **must** be completed and submitted with the online application. Please note, if recommended for an award, you will be required to submit an updated Campaign Contribution Disclosure form at a later date. Download these forms at www.aqmd.gov/moyer. These business forms will also be available on the Carl Moyer Program GMS.

Electronic Submittal: A link to access South Coast AQMD’s Carl Moyer Program GMS will be available on January 10, 2023 at: www.aqmd.gov/moyer. The Carl Moyer Program GMS allows applicants to submit applications electronically to the South Coast AQMD and track the progress of their application(s). **Applications must be submitted through the Carl Moyer Program GMS by May 9, 2023 at 11:59 PM.** The GMS will not allow applications to be submitted after the due date and time. South Coast AQMD “Business Information Forms” requiring signatures must be scanned and uploaded to the electronic application in PDF format.

First-time users must register as a new user to access the system. Applicants will receive a confirmation email after all required documents have been successfully uploaded. A tutorial of the system will be provided at the pre-application workshops or online and you may contact staff if you would like additional assistance.

Third parties assisting in applications may create their own account on the Carl Moyer Program GMS that can be linked through the primary user account.

Missing Information – Within thirty (30) business days of the online application submittal due date of May 9, 2023, South Coast AQMD will email letters to applicants regarding the missing or incomplete information. Applicants will have seven (7) business days to provide any missing information requested in the letter. It will be the applicant’s responsibility to submit the missing or incomplete information within the time specified by South Coast AQMD staff. Only complete applications can move forward in the evaluation process.

Disposition of Applications - The South Coast AQMD reserves the right to reject any or all applications. All responses become the property of the South Coast AQMD. A copy of each application not selected for funding shall be retained for one year. Additional copies and materials will be returned only if requested and at the applicant's expense.

SECTION V – WORK STATEMENT/SCHEDULE OF DELIVERABLES

Prior to submitting the application, applicants must sign and agree to the terms and conditions of the requirements for submittal of additional project information to finalize a contract and that all vehicles, engines or equipment shall be in operation within eighteen (18) months of contract execution.

SCOPE OF WORK

The scope of work will describe tasks and deliverables that demonstrate compliance with the requirements of the CMP as administered by CARB and the South Coast AQMD. The project applicant is responsible for developing detailed project plans and ordering equipment that complies with the program criteria and guideline requirements. In addition, alternative fuel project applicants must discuss their plan for refueling the proposed vehicles/equipment, and if appropriate, should provide a letter of agreement from their fuel provider (see Application forms).

At a minimum, any contract for funding the proposed project must meet the following criteria:

- Provide emission reductions that are real, surplus, quantifiable and enforceable in accordance with CMP guideline requirements.
- Project equipment must be domiciled within the boundaries of the SCAB.
- Meet the cost-effectiveness limit, as described in this PA and the CMP Guidelines, and subsequent CMP Advisories.
- For repower and replacement projects, the new engine must achieve an annual NO_x emissions benefit of at least 15 percent to receive any funding.
- Commit that project engines or equipment operate in service for the full project life and at least 75 percent of annual operation must occur within the South Coast AQMD except for on-road replacement projects. On-road replacement projects may be eligible for funding with a minimum of 51% annual operation within the South Coast AQMD.
- The cost-effectiveness calculation is based on the percent operation within the South Coast AQMD boundary. Project life is the number of years used to determine the cost-effectiveness and is equal to the contract term. The contract will include the percent operation as a minimum requirement (75% for all projects, except on-road replacement projects, which are allowed a 51% minimum).
- Commit that all vehicles/engines/equipment are in operation within 18 months of contract execution.
- Provide for appropriate recordkeeping during the project life (i.e., annual mileage, fuel consumption and/or hours of operation), including submission of annual reports as detailed below.
- Ensure that the project complies with all applicable rules and regulations, and the resulting emission reductions from the project are not required as a mitigation measure to reduce adverse environmental impacts that are identified in an environmental document prepared in accordance with the California Environmental Quality Act or the National Environmental Policy Act.
- If requested, contractor must provide a financial statement and bank reference, or other evidence of financial ability to fulfill contract requirements.
- If requested, contractor must make all equipment and records available to the South Coast AQMD or CARB for audit and inspections.

PAYMENT TERMS

For all projects except shore power projects, full payment will be made upon installation and commencement of operation of the funded equipment. For shore power projects, a progress payment schedule may be established that allows payment upon completion of key milestones, as delineated in the contract.

DELIVERABLES

The contract will describe how the project will be monitored and what type of information must be submitted as part of the reporting requirements. At a minimum, the South Coast AQMD expects to receive an annual report for each year during the full contract term, or project life, which provides the annual miles, -fuel consumption or hours of operation, where the vehicle or equipment was operated, and operational and maintenance issues encountered and how they were resolved. South Coast AQMD reserves the right to verify the information provided.

Annual reporting forms are available online at: www.aqmd.gov/moyer

SECTION VI – APPLICATION EVALUATION/CONTRACTOR SELECTION CRITERIA

South Coast AQMD staff will evaluate all eligible online applications and make recommendations to the Governing Board for final selection of project(s) to be funded. Each project will be evaluated based on two primary criteria: (1) the cost-effectiveness of NO_x, PM₁₀ and ROG reduced, and (2) the project’s status with respect to the disadvantaged community and low-income criteria prescribed by CARB.

Note: Infrastructure projects are not subject to a cost-effectiveness limit but instead will be evaluated on a competitive basis using metrics that include, but are not limited to: fleet usage commitments, project location and readiness, expected vehicle usage/throughput and cost share.

PROJECT COST-EFFECTIVENESS

The CMP award amount shall not exceed the project’s incremental cost, applicable funding caps and/or cost-effectiveness limit(s). The “Step 1” cost-effectiveness limit, \$33,000 per weighted ton of emissions reduced, applies to projects that bring vehicles and equipment up to current standards. The “Step 2” cost-effectiveness limit of a maximum of \$500,000 per weighted ton of emissions reduced may be implemented pending CARB approval (in lieu of the \$109,000 per weighted ton, as stated in the 2017 Carl Moyer Program Guidelines) and applies to projects that are zero-emission or meet the cleanest certified optional standard applicable (by source category). Project cost-effectiveness is subject to change to meet additional program requirements.

All projects must meet the criteria stated in this PA and the CMP Guidelines in effect at the time of contract execution. A project’s cost-effectiveness is determined based on the annualized cost of the project and the amount of NO_x, ROG and PM₁₀ emission reductions that will be achieved by the project. Project cost-effectiveness is currently calculated according to the following formula:

$$\frac{\text{Annualized Cost (\$/year)}}{[\text{NO}_x \text{ reduction} + \text{ROG reduction} + (20 \times \text{combustion PM}_{10} \text{ reduction})] \text{ (tons/year)}}$$

For projects that involve advanced technologies, the cost-effectiveness will be calculated using the CMP’s two-step calculation approach. Detailed guidance for the new two-step calculation approach, as well as all CMP emissions reduction and cost-effectiveness calculations is available at: https://www.arb.ca.gov/msprog/moyer/guidelines/2017gl/2017_gl_appendix_c.pdf.

SECTION VII – IMPORTANT PROGRAM INFORMATION

- Applicants **must** provide proof of ownership with their online application. This may include vehicle/equipment title, bill of sale, or in the case of marine vessel projects, the U.S. Coast Guard registration documentation. Equipment must be owned a minimum of two years from

the date of application submittal (with the exception of locomotive projects, which is a one-year minimum).

- Project equipment must be domiciled within the SCAB and operate a minimum of 75% of the time within the boundaries of the SCAB (except on-road replacement projects, which are required to operate a minimum of 51% within the SCAB).
- Applicants must provide vendor quotes with their application to document the cost of the new replacement vehicle/equipment project (or engine for repower project). Applicants may be awarded up to the designated percentage of total cost for the specified type of project (new purchase, repower replacement and/or retrofit, infrastructure), subject to funding caps and program cost-effectiveness limits. All quotes must have been obtained within 90 days prior to the application submittal date.
- Applicants must provide legible engine tag photos of the baseline engine(s) or manufacturer specifications that document the engine serial number, horsepower, model year and engine family number, emissions certification level and CARB Executive Order (if controlled).
- Applications for fuel and engine technologies that are not certified, verified or approved by CARB, or falling outside the categories specifically discussed in this PA, may be referred to CARB for determination of CMP eligibility on a case-by-case basis. Please discuss these projects with South Coast AQMD staff prior to application submittal. Projects submitted for CARB case-by-case review will require the applicant to provide additional justification and documentation regarding the project and the applicant's justification for such consideration.
- A number of the CARB fleet rules and air quality regulations impact CMP eligibility. Compliance with existing CARB regulations is a pre-requisite for CMP funding. Only emission reductions in excess of regulatory requirements can be considered for CMP funding. If applicants are applying for CMP funds to reduce emissions before the required compliance date (i.e., early reductions), the equipment must demonstrate sufficient years of operation before the regulatory compliance deadline. Applicants are responsible for ensuring that they are in full compliance with all applicable regulations and that vehicle/equipment requests under the CMP provide surplus emission reductions. As noted earlier, applicants must provide documentation of their regulatory compliance status.
- Any tax obligation or liabilities associated with the award is the responsibility of the grantee. Please consult your tax advisor on the tax liabilities of receiving a grant award under the Carl Moyer Program.
- No third-party contracts will be executed.
- Pre-, post- and destruction inspections of all vehicles/engines/equipment approved for funding will be conducted, as required. However, due to the impact of Covid-19 and to ensure the safety of the staff and the public, inspections of all vehicles/engines/equipment may be conducted virtually via remote inspections depending on the status of the pandemic. Applicants must make all equipment available for in-person or remote inspections unless

otherwise specified during contract preparation, or through updates from South Coast AQMD. Documentation of compliance with existing regulatory requirements is required at the time of pre-inspection.

- The usage for off-road equipment projects will be based on hours (except for locomotive projects, which require annual fuel consumption in gallons), and the usage for on-road vehicle projects will be based on mileage. The applicant must provide the historical usage records for the equipment as part of the application for the previous two years. For on-road projects, the emission reductions will be based on the lower of the two 12-month periods of California usage within the prior thirty months. Low usage during the period of March 1, 2020 and June 1, 2020 can be substituted with the 3-month period that precedes the 24-month period prior to application submittal. Fleet averages cannot be used. Registration gaps during this period can be accepted if the vehicle was registered prior to March 1, 2020 and immediately after June 1, 2020.
- It is the applicant's responsibility to ensure that the most current information and requirements are reflected in a submitted project application. Applicants should check the CARB website for updates and advisories to the guidelines (www.arb.ca.gov/msprog/moyer/moyer.htm).
- In cases of conflict between CARB guidelines and South Coast AQMD criteria, the more stringent criteria will prevail. South Coast AQMD will post any new information and requirements on its CMP Web page at www.aqmd.gov/moyer.
- Projects subject to CARB regulations must submit a copy of the most recent CARB compliance report(s) or other documentation that provides South Coast AQMD with clear understanding of the fleet's compliance status.
- All emission reductions resulting from funded projects will be credited to the Carl Moyer Program. A grant shall not be made that provides the applicant with funds in excess of the maximum eligible amount, in accordance with CMP guidelines.
- A project may be leveraged with other funding sources. The applicant must disclose all funding sources at the time of application and will be required to report all funding sources prior to invoice payment. Other funding sources may include but are not limited to state and federal funding programs that reduce greenhouse gas (GHG) emissions, funding provided by the Alternative and Renewable Fuel and Vehicle Technology Program, Air Quality Improvement Program, or CARB's Low Carbon Transportation Investment funds to reduce GHG emissions. The sum of all grants and other funds applied toward the project shall (1) not exceed the total project cost for public agency applicants and (2) not exceed 85% of the total project cost for non-public agency applicants. In other words, the grantee must pay at least 15 percent of the project cost from non-public sources.
- The emission reductions paid for by the CMP shall not be claimed by the other funding sources.

SECTION VIII – SCHEDULE OF EVENTS

Issue PA2023-04	December 2, 2022
Applications Open	January 10, 2023
Workshops	Information on virtual pre-recorded presentations and other meetings (as needed) to be posted on www.aqmd.gov/moyer
All Applications Due by 1:00 pm	Tuesday, May 9, 2023
Awards Consideration by the Board	October - December 2023
Contract Execution	January 2024 thru June 2024

**ALL APPLICATIONS MUST BE RECEIVED VIA SOUTH COAST AQMD'S
CMP ONLINE GRANT MANAGEMENT SYSTEM
NO LATER THAN TUESDAY, MAY 9, 2023 at 11:59 PM**

Access to South Coast AQMD's CMP Online GMS is provided at: www.aqmd.gov/moyer

In light of COVID-19 and ensuring public safety protocols are being met, the South Coast AQMD may conduct in-person workshops for this year's CMP. However, if in-person workshops are not held due to impacts of COVID-19, South Coast AQMD will post pre-recorded presentations and host virtual meetings to provide program information and application assistance for applicants interested in participating in the CMP. Details on meetings and pre-recorded presentations will be posted at www.aqmd.gov/moyer after January 10, 2023.

SOUTH COAST AQMD STAFF CONTACTS AND ADDITIONAL RESOURCES

The South Coast AQMD staff contacts are listed in Table 1 by project category. Copies of the Program Announcement, Business Information Forms and a sample South Coast AQMD CMP contract may be accessed at: www.aqmd.gov/moyer.

Table 1: CMP Staff Contacts

Project Category	Staff Contact	Phone Number	Email
On-Road Heavy-Duty Vehicles	Tom Lee	(909) 396-2270	tlee@aqmd.gov
	David Chen	(909) 396-3083	dchen@aqmd.gov
	Justin Joe	(909) 396-2054	jjoe@aqmd.gov
Off-Road Equipment	Alyssa Yan	(909) 396-2024	ayan@aqmd.gov
	Darren Ha	(909) 396-2548	dha@aqmd.gov
	Kevin Perozo	(909) 396-2522	kperozo@aqmd.gov
Cargo Handling Equipment Electrification	Greg Ushijima	(909) 396-3301	gushijima@aqmd.gov
Marine Vessels	Nick Volpone	(909) 396-2636	nvolpone@aqmd.gov
Ship-Side Shore Power	Nick Volpone	(909) 396-2636	nvolpone@aqmd.gov
Locomotives	Andrew Yoon	(909) 396-3043	ayoon@aqmd.gov
Infrastructure	George Wu	(909) 396-2533	gwu@aqmd.gov

CONTACT FOR ADDITIONAL INFORMATION

Questions regarding the content or intent of this PA, procedural matters or locations of workshops should be addressed to: carlmoyer@aqmd.gov

WEBSITE LINKS TO CARB RULES THAT AFFECT CMP ELIGIBILITY

CARB Regulation	Website
On-Road Private (Truck and Bus)	http://www.arb.ca.gov/msprog/onrdiesel/onrdiesel.htm
Drayage Truck Regulation	Drayage Truck Regulation Sunset California Air Resources Board
Public/Utility Fleets	http://www.arb.ca.gov/msprog/publicfleets/publicfleets.htm
In-Use Off-Road	http://www.arb.ca.gov/msprog/ordiesel/ordiesel.htm
Harbor Craft	http://www.arb.ca.gov/ports/marinevess/harborcraft.htm
Cargo Handling Equipment	http://www.arb.ca.gov/ports/cargo/cargo.htm
Shore Power	http://www.arb.ca.gov/ports/shorepower/shorepower.htm



Surplus Off-Road Opt-In for NOx (SOON)

SOUTH COAST AQMD PROGRAM ANNOUNCEMENT PA 2023-05

South Coast AQMD is seeking proposals for the Surplus Off-Road Opt-In for NOx (SOON) Provision of CARB's In-Use Off-Road Diesel-Fueled Fleets Regulation. The primary purpose of this Program is to provide financial incentives to assist in the purchase of zero or lower-emissions heavy-duty engine technologies to achieve near-term nitrogen oxides (NOx) emissions reductions from in-use off-road equipment. Since funding for the SOON Program is from the Carl Moyer Program (CMP), all CMP requirements apply to this Program, except where specifically noted, or where South Coast AQMD implements more stringent program criteria as described in the Rule 2449 SOON Implementation Guidelines.

SECTION I: OVERVIEW

South Coast AQMD is soliciting project proposals for the following purpose according to terms and conditions attached. In this Program Announcement (PA), the words "Proposer," "Applicant," "Contractor," and "Consultant" are used interchangeably.

- WHO:** Construction Fleets that can demonstrate compliance with the Off-Road Regulations throughout the contract term.
- WHAT:** Replacement or repower of older diesel engines to Tier 4 Final or cleaner technologies. Engines must be CARB-certified. The new engine must be certified for sale in California and must provide a 15% NOx Reduction.
- HOW:** All applications must be submitted according to specifications in the Application Portal. Failure to adhere to these specifications may be cause for rejection of the application without evaluation. The Application Portal can be found on South Coast AQMD's program page: <http://www.aqmd.gov/soon>. Application assistance will be offered to applicants that do not own a computer or have internet access. Please note: Hardcopy, Facsimile or Email submittals will not be accepted.
- WHEN:** Solicitation opens on January 10, 2023 and closes on May 9, 2023 at 11:59 p.m.

GENERAL PROGRAM INFORMATION

The primary focus of the SOON Program is to achieve emission reductions from heavy-duty off-road vehicles and equipment operating in California as early and as cost-effectively as possible. The SOON Program is intended to achieve additional NOx reductions which are needed to meet the PM2.5 and ozone ambient air quality standards in the South Coast Air Basin. The emission reductions expected through the deployment of zero or low-emissions engine or replacement technologies under this Program must be real, surplus and quantifiable. Senate Bill 513 (Beall) removed many of the limitations associated with co-funding from other sources. The air district must verify the sum of all other incentive funds to ensure the Moyer

funds will not exceed the total project cost. Applicants from non-public entities must provide at least 15 percent of the Moyer eligible project costs from non-public sources.

Replacement and repower projects are **limited to only** those involving a diesel baseline engine subject to the off-road regulation and lower emission or zero emission technology that may be verified and approved by CARB. No administrative or vehicle operational costs are eligible.

It is expected that multiple awards will be granted under this PA, subject to the approval of the South Coast AQMD Governing Board.

All proposals will be evaluated based on criteria set forth in this PA. South Coast AQMD will evaluate and/or verify information submitted by the applicant. At South Coast AQMD's discretion, consultants contracted by South Coast AQMD may conduct all or part of such evaluation and/or verification. Data verification during the evaluation and contracting process may cause initial cost-effectiveness rankings, and associated awards, to change. Furthermore, the South Coast AQMD reserves the right to make adjustments to awards based on the subsequent verification of information as well as changes in cost-effectiveness.

PROGRAM CRITERIA

- Fleets with a total statewide equipment horsepower over 20,000 hp and with 40 percent or more of their vehicles at Tier 0 and Tier 1 emission levels as of January 1, 2008, are subject to the SOON Program and are required to apply for funding. Fleets not meeting both of the above criteria on January 1, 2008, may voluntarily participate in this Program and apply for funding.
- On November 17, 2022, amendments to the Off-Road Regulation will be considered by CARB. Actions adopted by CARB at this time may significantly limit the eligibility of off-road equipment for CMP funding. If amendments are adopted as proposed, the potential funding for Tier 4 Final or Zero-Emission replacements and repowers will be available for the following existing Tiers **until** the following dates:

Potential Funding	Large Fleets	Medium Fleets	Small Fleets
Tier 0	Not allowed	Not allowed	12/31/2025
Tier 1	Not allowed	12/31/2024	12/31/2027
Tier 2	12/31/2024	12/31/2026	12/31/2029

Proposed Off-Road Regulation Amendment above is pending CARB Board approval.

- The annual hours used to calculate cost-effectiveness will be included in the contract. An extension of the contract or partial payback of funds may be required if the proposed annual hours are not achieved.
- For all repower projects, fleets are **not** required to, but may install the highest level verified diesel emission control system (VDECS) at their own cost.
- Applicants must demonstrate that during the contract period, vehicles equipped with new engines, or that have been replaced using SOON program funding, will not use a lower emission rate to calculate the fleet average index and target rate and BACT credit to meet compliance in the DOORS. Actions taken using SOON program funding may be used for determining compliance **after** the completion of the SOON program project contract period for that vehicle. For example, if a Tier 2 vehicle is repowered with a Tier 4 engine with SOON

Program funds for purposes of compliance with the off-road regulation, that vehicle is still treated as if it were a Tier 2 until the end of the contract period for the SOON program project.

- Applicants **must** provide vendor quotes with their online application to document the cost of implementing the proposed technology. **All quotes must have been obtained within 90 days of application submittal. Applicants may be required to submit quotes from more than one technology provider.**
- For off-road replacement and repower projects, the CMP guidelines specify that the horsepower rating of the new (or replacement) engine must not be greater than 125 percent of the original manufacturer rated horsepower of the old (or existing) engine. If the new engine is greater than 125 percent, then the eligible funding amount will be based on the cost of an engine or equipment with a horsepower rating that is no higher than 125 percent of the existing engine horsepower rating. The applicant must pay the additional costs associated with the higher horsepower engine and obtain a price quote for an engine or equipment that is within the 125 percent range for the funding determination. In addition, verifiable records on the existing engine must be provided with the online application to accurately identify the engine manufacture year and horsepower (e.g., photographs of engine labels, statement from engine manufacturers, etc.).
- Applicants must demonstrate that they are in full compliance with all applicable CARB regulations and that vehicle/equipment funding requests under this Program provide surplus emissions reductions. **Applicants are required to submit a compliance plan showing how they will comply with the targets of CARB's In-Use Off-Road Diesel-Fueled Fleets Regulation throughout the contract term, as well as how the new projects under this PA will meet SOON NOx targets in 2023.**
- Applicants must ensure that the vehicle/equipment to be purchased or installed is in compliance with all applicable federal, state and local air quality rules and regulations and that it will maintain compliance for the full contract term.
- Any associated tax obligation with the award is the responsibility of the grantee.
- No third-party contracts will be executed. The South Coast AQMD contract must be signed by the equipment owner.
- Pre- and post-inspection of all vehicles/engines/equipment approved for funding will be conducted by South Coast AQMD.
- Destruction of the engine/equipment being repowered or replaced is required.
- To avoid double dipping, applicants shall not apply for funding for the same equipment in any other air district.
- Project equipment must be domiciled and operate a minimum of 75% of the time within the boundaries of the SCAB.

PROJECT CRITERIA

South Coast AQMD retains the authority to impose more stringent requirements in order to address local concerns.

- Off-road CI equipment eligible for SOON Program funding includes equipment 25 hp (19 kilowatt) or greater. The complete definition can be found in CARB's In-Use Off-Road Diesel-Fueled Fleets Regulation at <http://www.arb.ca.gov/msprog/ordiesel/ordiesel.htm>.
- SOON Program grants can be no greater than a project's incremental cost. The incremental cost shall be reduced by the value of any current financial incentive that reduces the project price, including but not limited to tax credits or deductions, grants or other public financial assistance.
- Applicants must ensure that the vehicle/equipment to be purchased or installed is in compliance with all applicable federal, state and local air quality rules and regulations and that it will maintain compliance for the full contract term.
- The certification emission standard and Tier designation for the engine must be determined from the CARB's Executive Order issued for that engine, not by the engine model year. Executive orders for off-road engines may be found at <http://www.arb.ca.gov/msprog/offroad/cert/cert.php>.
- Reduced emission engines must be certified/verified for sale in California and must comply with durability and warranty requirements. These may include new CARB-certified engines and verified diesel emission control strategies.
- Class 7 diesel forklifts are the only diesel forklifts eligible for SOON Program funding and are subject to all off-road project criteria. The South Coast AQMD must obtain and verify documentation of the classification of the forklift prior to funding.
- If repower with an engine meeting the current applicable standard is technically infeasible, unsafe or cost prohibitive, the replacement engine must meet the most current practicable previously applicable emission standard and cost-effectiveness criteria and, if rated at less than 175 hp, must comply with the requirements related to replacing in-use engines contained in Title 40, Code of Federal Regulations, Section 1068.240.
- Replacement of an uncontrolled diesel off-road engine with a new on-road engine certified to an emission standard equal to or lower than the Tier 4 Final off-road emission standard or a newer emission-certified alternative fuel engine may be eligible for funding as off-road equipment with similar modes of operation as on-road vehicles on a case-by-case basis. Other equipment may be eligible for funding on a case-by-case basis. These repowers must meet all other applicable project criteria.
- Applicants must provide their DOORS Fleet Compliance Snapshot.
- Applicants must provide the DOORS EIN for each vehicle for which funding is requested.
- Applicants must provide proof they have owned each vehicle for which funding is requested for a replacement vehicle for at least two years.
- Applicants must provide a current Compliance Plan using the South Coast AQMD fleet calculator or the DOORS calculator demonstrating compliance with the off-road regulation throughout the anticipated contract period.
- Applicants must provide at least the most recent two (2) years of hour-meter readings. Potential projects that fall outside of these criteria may be considered on a case-by-case basis if evidence provided to the air district suggests potential surplus, real, quantifiable and enforceable emission reduction benefits.

MAXIMUM ELIGIBLE FUNDING

The maximum eligible funding amount and project life for each SOON project type is summarized below.

Project	Maximum Funding	Maximum Project Life
Replacement	80% of vehicle/equipment cost	Five years, except: (three years max. for excavators, skid steer loaders, and rough terrain forklifts)
Repower	85% of engine cost plus parts and labor necessary for installation	Seven years

A shorter project life will be considered on a case-by-case basis and may be required by the CMP Guidelines for specific types of equipment. Shorter project life may affect the project's ranking relative to other projects and the amount of funding that can be provided.

COST-EFFECTIVENESS EVALUATION DISCUSSION

The SOON Program is required to meet the requirements of the CMP by using the cost-effectiveness calculation methodology found in Appendix C of the CMP Guidelines (see <http://www.arb.ca.gov/msprog/soon/guidelines/current.htm>). Under the SOON Program, only NOx emission reductions will be taken into consideration to calculate the cost-effectiveness.

REPORTING AND MONITORING

All participants in the SOON Program are required to keep appropriate records during the full contract period. Project life is the number of years used to determine the cost-effectiveness and is equivalent to the contract implementation period. All equipment must operate in the South Coast AQMD for the full project life. South Coast AQMD shall conduct periodic reviews of each project's operating records to ensure that the engine is operated as stated in the program application. Annual records must contain the following, at a minimum:

- Total Hours of Operation
- Total Hours of Operation in the South Coast Air District
- Annual Maintenance and Repair Information
- DOORS snapshot demonstrating compliance with the Off-Road Regulation

Records must be retained and updated throughout the project life and made available for South Coast AQMD inspection. South Coast AQMD may conduct periodic reviews of each vehicle/equipment project's operating records to ensure that the vehicle is operated as required by the project requirements.

The equipment owner, if awarded CMP grant funds, will be required to submit annual reports for the life of the project, as described in Section II – Work Statement/Schedule of Deliverables.

SECTION II: WORK STATEMENT/SCHEDULE OF DELIVERABLES

All applicants that are selected for funding awards must complete the Work Statement and Schedule of Deliverables described below as part of the contracting process. Development of these materials for the initial application is NOT required; however, applicants must sign the online application indicating their understanding of the requirements for submittal of additional project information to finalize a contract.

WORK STATEMENT

The scope of work involves a series of tasks and deliverables that demonstrate compliance with the requirements of the SOON Program as administered by CARB and South Coast AQMD.

At a minimum, any proposed project must meet the following criteria:

- Emission reductions must be real, quantifiable, enforceable and surplus in accordance with CARB and South Coast AQMD guidelines.
- Cost-effectiveness of the project must meet the minimum requirement of the CMP guidelines.
- Project engines or equipment must operate in-service for the full project life.
- Appropriate annual usage records must be kept and reported to South Coast AQMD during the project life (i.e., annual hours of operation).
- A compliance plan that demonstrates compliance with the off-road regulation throughout the contract period must be provided.
- Ensure that the project complies with other local, state and federal programs, and resulting emission reductions from a specific project are not required as a mitigation measure to reduce adverse environmental impacts that are identified in an environmental document prepared in accordance with the California Environmental Quality Act or the National Environmental Policy Act.
- If requested, a contractor must provide a financial statement and bank reference, or other evidence of financial ability to fulfill contract requirements.

DELIVERABLES

The contract will describe how the project will be monitored and what type of information will be included in project progress reports. At a minimum, South Coast AQMD expects to receive the following:

- An annual report, throughout the project life, which provides the annual hours of operation, where the vehicle(s) or equipment(s) was operated, annual fuel consumption, and operational and maintenance issues encountered and how they were resolved.
- An annual submission of the applicant's DOORS Fleet Compliance Snapshot demonstrating compliance with the off-road regulation.

South Coast AQMD reserves the right to verify the information provided.

SECTION III: PROPOSAL SUBMITTAL REQUIREMENTS

In addition, Conflict of Interest and Project Cost information, as described below, must also be submitted with the application. It is the responsibility of the proposer to ensure that all information submitted is accurate and complete.

PROJECT COST

Applicants must provide cost information that specifies the amount of funding requested and the basis for that request by attaching vendor quotes to the application. Applicants need to inform vendors of the time frame of the award process so that they can accurately quote costs based on the anticipated order/purchase date. **Note that no purchase orders may be placed or work performed for projects awarded under this PA until after the date of award approval by the South Coast AQMD Governing Board. Any orders placed or payments made in advance of an executed contract with the South Coast AQMD are done at the risk of the applicant. South Coast AQMD has no obligation to fund the project until a contract is fully executed by both parties.**

The SOON Program funds only the differential cost between existing technology and zero or lower-emissions technology. The proposed zero or lower-emissions technology must be CARB-certified in most cases. Non-CARB certified engines requiring an experimental permit from CARB may be considered, but the project will require special CARB approval. Proposals will be ranked by cost-effectiveness on a vehicle/equipment-by-vehicle/equipment basis. The cost-effectiveness limit has been established at \$33,000/ton of NOx emissions reduced for projects that bring diesel engines to the current standard and \$500,000/ton of NOx emissions reduced for projects beyond current standards such as zero-emission. The cost-effectiveness level used for the selection of projects may be lower depending on the demand for program funds. No fueling infrastructure, administrative or operational costs will be funded. Cost-effectiveness may vary depending on CARB review.

All project costs must be clearly indicated in the application. In addition, applicants must include any sources of co-funding and the amount of each co-funding source in the application. **Applicants should be aware that the project life used in calculating the NOx emissions reductions will be used to determine the length of their annual reporting obligation and the length of their contract. For example, if a seven-year project life is used for the NOx emissions reduction calculation, then the applicant will be required to operate and track activity for the funded-vehicle/equipment for the full seven years.**

PROPOSAL SUBMISSION

All online applications must be submitted according to specifications set forth herein. Failure to adhere to these specifications may be cause for rejection of the application without evaluation.

**ALL APPLICATIONS MUST BE RECEIVED VIA SOUTH COAST AQMD'S
CARL MOYER GRANT MANAGEMENT SYSTEM (GMS)
NO LATER THAN 11:59 P.M. ON TUESDAY, MAY 9, 2023**

TO APPLY ONLINE, PLEASE VISIT

www.aqmd.gov/soon

Grounds for Rejection:

An application may be immediately rejected if the application:

- Does not include correct documentation and other forms required.
- Is not signed by an individual authorized to represent the firm.

Certifications and Representations

Contained in this PA are six business forms, which must also be completed and submitted with the application.

Compliance Plan

Projects funded by SOON monies must result in NO_x emissions reductions that are surplus to those that would be realized by fleets complying with the base rule. Fleets are required to submit a compliance plan in electronic format to demonstrate how they comply with both the base rule as well as the SOON provision of the rule. Fleet owners, at a minimum, must provide the following information for each year for the anticipated contract period:

- A vehicle list which includes, but is not limited to, vehicle type, manufacturer, model, model year, and whether the equipment is included in the base or SOON fleet for each piece of equipment in the fleet.
- Information including, but not limited to, calculations, fleet information, etc., showing compliance with the base rule fleet target levels or compliance with the BACT turnover and retrofit requirements. Either the CARB calculator (individual tabs for each future year) or the Excel SOON fleet calculator spreadsheet may be used.
- Information including, but not limited to, calculations, fleet information, etc., showing whether the vehicles funded by the SOON program are in compliance with the SOON NO_x fleet average target levels.

SOON Compliance Plan documents and the Microsoft Excel SOON fleet calculator can be downloaded at the South Coast AQMD SOON website: www.aqmd.gov/soon. CARB's Fleet Average Calculators can be downloaded at the CARB website: <https://www.arb.ca.gov/msprog/ordiesel/ordiesel.htm>.

Methods of Delivery:

The proposer must submit the application using the South Coast AQMD online system (known as the Carl Moyer Grant Management System,(GMS)), available at www.aqmd.gov/soon. The GMS will allow applicants to submit their application electronically to the South Coast AQMD prior to the date and time specified below. Also, South Coast AQMD "Business Information Forms" requiring signatures will be available on the GMS and are required to be uploaded prior to the date and time below. A tutorial of the GMS system will be provided in early 2023 – please visit www.aqmd.gov/soon.

Disposition of Proposals

The South Coast AQMD reserves the right to reject any or all proposals. All responses become the property of the South Coast AQMD. One copy of the proposal shall be retained for South Coast AQMD files. Additional copies and materials will be returned only if requested and at the proposer's expense.

Modification or Withdrawal

Once submitted, proposals cannot be altered without the prior written consent of South Coast AQMD.

SECTION IV: PROPOSAL EVALUATION/CONTRACTOR SELECTION CRITERIA

South Coast AQMD staff will evaluate all submitted proposals and make recommendations to the South Coast AQMD Governing Board for final selection of project(s) to be funded. Proposals will be evaluated based on the 2017 CMP Guidelines, including verification that the project meets the NOx cost-effectiveness limit(s) for this program. The cost-effectiveness determination will be done on an equipment-by-equipment basis.

The evaluation will determine the ranking for each project based on the cost-effectiveness of NOx emissions reduced. Please note that depending upon the number of online applications received in response to this PA, South Coast AQMD may prioritize the selection of projects to reduce emissions in and around DAC and low-income communities located within the SCAB. While South Coast AQMD encourages all eligible applications, this means that some projects may not be selected based on their domicile address, regardless of their cost-effectiveness ranking.

At least 50 percent of the CMP funds must be used for projects that are located and operated within a disadvantaged and/or low-income community. South Coast AQMD uses the following method to meet these requirements.

1. All projects must meet the criteria in the 2017 CMP Guidelines and the cost-effectiveness limit of \$33,000 per ton of NOx emissions reduced (for projects bringing diesel engines to current standard) and \$500,000/ton of NOx emissions reduced (for project beyond current standards such as zero-emission). Cost-effectiveness may vary depending on CARB review.
2. Each project's domiciled address will be used to determine if the project is located within a disadvantaged or low-income community. The CalEnviroScreen 4.0 tool will be used by South Coast AQMD to determine if a project is located within a DAC and/or low-income community. This tool is available at:
<https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-40>
3. Projects that are not domiciled within a DAC and/or low-income community may still be considered if the application documentation shows that the vehicle/equipment was operated a majority of time in a DAC and/or low-income community.

All other projects will be ranked according to NOx cost-effectiveness, with the most cost-effective projects considered first and then in descending order for each funding category until the remainder of the funds are exhausted.

Be aware that there is a possibility that due to program priorities, cost-effectiveness or funding category limitations (i.e., caps), project applicants may be offered only partial funding, and not all applications that meet the cost-effectiveness criteria may be funded.

SECTION V: PAYMENT TERMS

For all projects, payment will be made upon installation and commencement of operation of the funded equipment for 85% of the submitted repower invoice (80% of the submitted replacement invoice) or the contract maximum amount, whichever is less.

SECTION VI: LEGAL UPDATES AND DEFINITIONS**STATEMENT OF COMPLIANCE**

Government Code Section 12990 and California Administrative Code, Title II, Division 4, Chapter 5, require employers to agree not to unlawfully discriminate against any employee or applicant because of race, religion, color, national origin, ancestry, physical handicap, medical condition, marital status, sex, or age. A statement of compliance with this clause is included in all South Coast AQMD contracts.

COMPLIANCE WITH APPLICABLE LAWS

Applicants must comply with all federal, state, and local laws, ordinances, codes and regulations. If the application is eligible for funding, all vehicles and/or equipment to be purchased or installed must be compliant with all applicable federal, state, and local air quality rules and regulations, and will maintain compliance for the full Contract term.

CONFLICT OF INTEREST

Applicant must address any potential conflicts of interest with other clients affected by actions performed by the firm on behalf of the South Coast AQMD. Although the applicant will not be automatically disqualified by reason of work performed for such firms, the South Coast AQMD reserves the right to consider the nature and extent of such work in evaluating the application. Conflicts of interest will be screened on a case-by-case basis by the South Coast AQMD General Counsel's Office. Conflict of interest provisions of the state law, including the Political Reform Act, may apply to work performed pursuant to this contract.

COMPLIANCE WITH LABOR LAWS

If an application is deemed eligible, the applicant will be required to provide any labor violations that have occurred within the last three years to be further considered for an award. If awarded, the contractor will be required to notify South Coast AQMD in writing if they have been found by a court or federal or state agency to have violated labor laws. The contractor will complete a yearly certification in which they will either state that they have not been found by a court or federal or state agency to have violated labor laws or, if such violations have been found, the contractor will give South Coast AQMD details about those violations in the certification. If the contractor has previously provided that information to the South Coast AQMD, they will be required to reattach that previous notification to the certification and provide any additional details about those violations that have not previously been provided. The contractor's yearly certification will be due at the same time as the annual progress reports. South Coast AQMD reserves the right to terminate the contract with a contractor that has been found to have violated labor laws, and the contractor may be required to return any and all contract funds, as determined by South Coast AQMD. The contractor will also ensure that these requirements are included in all subcontracts.

ECONOMIC SANCTIONS (RUSSIA/UKRAINE) On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (EO) regarding sanctions in response to Russian aggression in Ukraine. Applicants who are considered eligible for Carl Moyer Program funds under this Program Announcement and received executed contracts from South Coast AQMD, are obligated to comply with existing economic sanctions imposed by the U.S. government in response to Russia's actions in Ukraine.

DEFINITIONS

1. Alternative Fuel
Alternative fuels include compressed natural gas (CNG), liquefied natural gas (LNG), methanol, ethanol, propane (LPG) and electric technologies.
2. Base Rule
Base rule is defined as the CARB In-Use Off-Road Diesel-Fueled Fleets Regulation without the SOON provisions (Title 13, Division 3, Chapter 9, Article 4.8, Section 2449 and 2449.1). Compliance with the Base Rule is required and is demonstrated by the Diesel Off-Road Online Reporting System (DOORS) Compliance Snapshot.
3. Compliance Plan
Compliance plan is the future forecast of fleet average emissions using current fleet information and planned future repower, replacement, retirement and retrofit projects. An Excel spreadsheet template is available on the South Coast AQMD SOON webpage.
4. Contract Term
Contract term is the duration for which the contract is valid. It encompasses both the project completion and project implementation periods.
 - i. Project completion period is the first part of the Contract term starting from the date of Contract execution by both parties to the date the project post-inspection confirms that the project has become operational.
 - ii. Project implementation period is the second part of the Contract term and equals the project life.
5. Cost-Effectiveness Limit
The cost-effectiveness limit determines the maximum funding that can be provided to an individual equipment repower or replacement project for each ton of emissions reduced. Under the SOON Program the cost-effective is calculated based on tons of NOx reduced per year.
6. Current NOx Standard
For all engine horsepower categories, the current NOx standard in 2022 is Tier 4 Final.
7. Dual-Fuel Technology
Dual-fuel technology includes electric hybrid technologies that utilize a combination of either CNG and diesel fuel or LNG and diesel fuel, provided they are certified by CARB. Experimental technologies and fuels will be referred to CARB for evaluation and possible

eligibility in the program.

8. Incremental Cost

Incremental cost is the percent of actual cost that is eligible for SOON funding.

- i. Repower projects are eligible to receive up to 85%;
- ii. Replacement projects are eligible to receive up to 80%;

9. Project Life

Project life is the period of the contract term during which the repowered or replacement vehicle is operated. The contractor must report the annual usage throughout the project life. In addition, project life is used to calculate the cost-effectiveness and funding amount for a project.

10. Replacement Project

Replacement project is the purchase of a new or used equipment to replace an existing unit. Only new equipment with engines certified to Tier 4 Final, or cleaner, emissions standards are eligible for funding.

11. Repower Project

Repower project is the replacement of an old engine of an existing equipment with a newer engine certified to lower emission standards.

CONTACT FOR ADDITIONAL INFORMATION

Questions regarding the content or intent of this PA, procedural matters, sample contract, and the compliance plan worksheet can be found at the at AQMD SOON website (<http://www.aqmd.gov/SOON>), or can be addressed to:

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