

BOARD MEETING DATE: August 2, 2024

AGENDA NO. 4

**PROPOSAL:** Adopt Resolution Recognizing Funds for FY 2023-24 Carl Moyer State Reserve, Enhanced Fleet Modernization Program and Clean Cars 4 All, Reimburse General Funds for Administrative Costs, Issue Program Announcement, Amend Carl Moyer Program Awards and Execute Contract to Deploy Zero Emission Equipment

**SYNOPSIS:** This Board item covers three separate programs including the Carl Moyer, the Replace Your Ride Programs (RZR) and the U.S. EPA Targeted AirShed Grant. In April 2024, CARB allocated \$5.9 million in Enhanced Fleet Modernization Program (EFMP) and Clean Cars 4 All (CC4A) to continue implementing the RZR Program. Also, in April, CARB approved allocations for the FY 2023-24 Carl Moyer “Year 26” State Reserve Program to fund zero-emission Projects. In July 2019, the Board approved a \$2,100,000 U.S. EPA award under the FY 2018-19 Targeted AirShed Grant to develop and demonstrate battery electric excavators and wheel loaders. In March 2024, U.S. EPA agreed to amend award to utilize unspent project and administrative funds to deploy zero-emission equipment and extend the project to December 2025. These actions are to: 1) recognize up to \$5.9 million in EFMP and CC4A into HEROS II Special Revenue Fund (56); 2) adopt a resolution recognizing up to \$5.3 million in FY 2023-24 Carl Moyer State Reserve funds into Carl Moyer Program Fund (32); 3) reimburse General Fund for administrative costs to implement RZR; 4) issue a Program Announcement for eligible zero-emission off-road projects; 5) execute agreements for eligible projects resulting from the Program Announcement; 6) amend Carl Moyer Program awards approved in February 2024; and 7) execute contract with Volvo Technology of America, LLC in an amount not to exceed \$1,296,388, including \$60,000 of unused administrative fund to develop, demonstrate and deploy up to 13 zero emission off-road equipment from Clean Fuels Program Fund (31).

**COMMITTEE:** Technology, June 21, 2024; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize from CARB, upon receipt, up to \$1.4 million in EFMP from G23-EFMP-01 and up to \$4.5 million in CC4A from G23-CC4A-01 into HEROS II Special Revenue Fund (56);
2. Reimburse the General Fund up to \$210,000 from EFMP and up to \$900,000 from CC4A, from the HEROS II Special Revenue Fund (56) as authorized by the grant agreements for administrative costs necessary to implement RYR;
3. Adopt the attached Resolution and authorize the Executive Officer to accept the terms and conditions of the FY 2023-24 Carl Moyer State Reserve funds and recognize from CARB up to \$5.3 million in Carl Moyer State Reserve funds into Carl Moyer Program Fund (32);
4. Issue, and if necessary, re-issue Program Announcement (PA) #PA2024-05 to solicit zero-emission off-road projects under the Carl Moyer Program Guidelines;
5. Based on the results of the PA, authorize the Chair (or by the Chair's designation, the Executive Officer) to execute agreements with selected applicants for eligible projects from Carl Moyer Program Fund (32) until funds are exhausted;
6. Amend awards, approved in February 2024 and authorize the Chair to execute contracts with Universal City Studios, LLC, Chino Valley Dairy Products, Inc., Betty-G Sportfishing, Inc., King Fio Trucking, LLC, Penske Truck Leasing Co., L.P. and U.S. Gold Cargo, Inc. as shown in Table 1; and
7. Execute contract with Volvo Technology of America, LLC in an amount not to exceed \$1,296,388, including \$60,000 of unused administrative fund to develop, demonstrate and deploy up to 13 zero-emission off-road equipment from the Clean Fuels Program Fund (31).

Wayne Nastri  
Executive Office

AK:MW:WS:SC

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**Background**

This Board letter encompasses three separate programs including the Carl Moyer, the Replace Your Ride Programs and an U.S. EPA Targeted AirShed Grant. Although these programs are separate, the overall approach is the recognition of funds from CARB and to execute and amend awards and contracts previously approved by the Board.

Carl Moyer Program State Reserve Funds

The Carl Moyer Memorial Air Quality Standards Attainment Program provides incentive funds to help pay for the incremental cost of purchasing cleaner than required engines, vehicles, and/or equipment. Pursuant to Health and Safety Code Section

44286(d), CARB may reserve up to ten percent of the Carl Moyer Program funds available each year for projects that are eligible for funding. CARB reserves the sole authority to distribute the Carl Moyer Program State Reserve funds (State Reserve funds) each year. For FY 2023-24, approximately \$12.4 million in the State Reserve funds are available.

In April 2024, CARB approved allocations of the FY 2023-24 (Year 26) Carl Moyer Program State Reserve funds based on applications received from participating air districts. For this year, CARB allocated all the State Reserve funds towards the implementation of Carl Moyer Program eligible zero-emission projects. The allocation for the South Coast AQMD is \$5,247,712, including 6.25 percent in administrative funds, which is approximately 42 percent of the total State Reserve funds available. South Coast AQMD intends to use these funds for zero-emission off-road equipment replacement and engine repower projects under the Carl Moyer Program.

#### Replace Your Ride Program

South Coast AQMD has been implementing an Enhanced Fleet Modernization Program (EFMP), branded as Replace Your Ride (RYR) since 2015. The RYR Program is a vehicle retirement and replacement program which provides incentives to lower income households to scrap and replace their older, high emitting vehicles with newer, cleaner models or other transportation options. Since its inception, South Coast AQMD has provided over \$88 million in EFMP funding and replaced over 11,100 older passenger vehicles with cleaner, newer, and higher fuel-efficient vehicles, e-Bikes and transportation vouchers which has resulted in reducing 33 tons of NOx, 1.8 tons particulate matter (PM), and 45,423 metric tons CO<sub>2</sub>e of GHG emissions annually. Approximately 93 percent of the vouchers have been issued to low-income participants residing in disadvantaged communities.

#### Amend Carl Moyer Program Project Awards

In February 2024, the Board combined and approved awards for “Year 25” and “Year 26” Carl Moyer and SOON programs due to the high number of eligible applications. Staff has identified amendments necessary to proceed with four awards as shown in Table 1 below.

**Table 1**  
**Updates to Project Name, Project Category and Award Amount**

<b>Applicant Name</b>	<b>Updated Applicant Name</b>	<b>Updated Project Category</b>	<b>Original Award Amount</b>	<b>Updated Award Amount</b>	<b>Case-by-Case Analysis</b>
Universal City Studios, LLC	--	--	\$3,450,360	\$4,014,930	--
Chino Valley Dairy Products, Inc.	Chino Valley Dairy	--	--	--	--
Betty-G Sportfishing, Inc.	Anthony Le DBA Betty-G Sportfishing	--	--	--	--
King Fio Trucking, LLC	--	--	\$472,676	\$724,476	--
Penske Truck Leasing Co., L.P.	--	Zero-Emission Infrastructure	--	--	--
U.S. Gold Cargo, Inc.	--	--	--	--	Yes

Two applicants inadvertently submitted incorrect business names. In addition, calculation errors occurred such that the February 2024 Board Letter incorrectly listed an award for Universal City Studios, LLC as \$3,450,360 instead of \$4,014,930 and for King Fio Trucking, LLC as \$472,676 instead of \$724,476. Also, due to typographic errors, U.S. Gold Cargo, Inc. was missing an asterisk to indicate a case-by-case CARB approval was required, and the project category for Penske Truck Leasing Co., L.P. will need to be amended.

Amend FY2018-19 U.S. EPA Targeted AirShed Grant (TAG) Project

In July 2019, the Board approved \$2,100,000 award under the FY2018-19 Targeted AirShed Grant to Volvo Technology of America, LLC, to develop and demonstrate battery electric excavators and wheel loaders. The project developed and demonstrated multiple pieces of zero-emission off-road equipment, which resulted in the initial launch of the Volvo zero-emission construction equipment in 2022. As the project nears its completion, South Coast AQMD staff recommended to U.S. EPA to allocate the unspent project funds of \$500,000 and administrative funds of \$60,000 to provide incentives for the deployment up to 13 Volvo ZE construction equipment. U.S. EPA concurred with South Coast AQMD’s recommendation and approved the agreement modification and extended the project term to December 2025 to allow time for the deployments.

## **Proposals**

### Carl Moyer Program State Reserve Funds

Staff recommends to adopt the attached Resolution recognizing up to \$5.3 million in the FY 2023-24 Carl Moyer Program State Reserve funds from CARB into the Carl Moyer Program Fund (32) and authorize the Executive Officer to accept the terms and conditions of the FY 2023-24 (Year 26) Carl Moyer Program State Reserve grant award.

In addition, staff recommends to issue #PA2024-05 to solicit applications for zero-emission off-road equipment replacement or engine repower projects. Examples of off-road equipment and/or engines eligible under this PA include those operating in construction, agriculture, industrial and cargo handling capacities. Staff also recommends to authorize the Chair, or by the Chair's designation, the Executive Officer, to execute agreements using the Carl Moyer Program Fund (32) for eligible projects under #PA2024-05, until funds are exhausted.

### Replace Your Ride Program

Staff recommends to recognize up to \$5.9 million from CARB, consisting of \$1.4 million from EFMP and \$4.5 million from CC4A into the HEROS II Special Revenue Fund (56) to continue implementation of the RYR, and to reimburse the General Fund up to \$210,000 from EFMP and up to \$900,000 from CC4A, from HEROS II Special Revenue Fund (56), for the administrative costs to implement the program.

### Amend Carl Moyer Program Project Awards

Staff recommends to amend awards approved under "Year 25" and "Year 26" Carl Moyer and SOON Provision programs with the applicants specified in Table 1 to correct project names and award amounts.

### Amend FY2018-19 U.S. EPA TAG Project

Staff recommends that to allocate remaining project and unspent administrative funds in an amount of up to \$1,296,388 be used for development, demonstration and deployment of up to 13 battery electric off-road equipment. Volvo and project partners will provide up to \$393,500 in cost-share. This action is to execute a contract with Volvo Technology of America, LLC in an amount not to exceed \$1,296,388 to develop, demonstrate and deploy up to 13 Volvo zero-emission construction equipment from the Clean Fuels Program Fund (31).

## **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." 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.

### **Overburdened Communities**

The Carl Moyer Program Guidelines and AB 1390 require that at least 50 percent of all funding available for the Carl Moyer Program, 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 overburdened communities. Staff will ensure that not less than 50 percent of the funds are appropriated and expended directly in overburdened communities to reduce air contaminants and/or associated public health risks.

### **Benefits to South Coast AQMD**

The additional funds provided by the State Reserve to fund zero-emission off-road equipment replacement and engine repower projects will not only provide surplus emissions reductions of both NO<sub>x</sub> and PM as required by the Carl Moyer Program, but the NO<sub>x</sub> reductions will further South Coast AQMD's efforts toward achieving ozone attainment under the NAAQS. The zero-emission off-road equipment and engines funded under #PA2024-05 will operate for the life of the contract and beyond, with the emissions reductions providing long-term benefits. In addition, replacement of diesel-powered equipment will reduce diesel particulate emissions which is a carcinogen.

EFMP will continue to provide clean vehicle incentives to qualifying low-income households primarily for those residing in disadvantaged communities and provide emission reduction benefits to these communities and throughout the region.

The successful implementation of the Carl Moyer Program and SOON Provision Program will provide direct emissions reductions for both NO<sub>x</sub> and PM as required by the programs. Since the vehicles and equipment funded under these programs will operate for the life of the contract and beyond, the emissions reductions will provide long-term benefits.

The successful implementation of off-road projects will provide reductions of NO<sub>x</sub>, PM and GHG emissions. The Volvo equipment funded under the AirShed Grant will help accelerate zero-emission off-road equipment adoption and provide long-term emission reduction benefits.

**Resource Impacts**

The State Reserve funds, upon receipt from CARB, will be recognized into the Carl Moyer Program Fund (32). Total State Reserve funds for zero-emission off-road projects eligible under #PA2024-05 will not exceed \$5 million.

CARB’s funds of up to \$1.4 million for EFMP from G23-EFMP-01 and \$4.5 million for Clean Cars 4 All from G23-CC4A-01, upon receipt, will be recognized into the HEROS II Special Revenue Fund (56).

The contract with Volvo will not exceed \$1,296,388 from U.S. EPA and a Clean Fuels Program Fund (31) which includes \$60,000 of unspent administrative funds from the grant. Volvo and partners will provide cost-share of up to \$393,500 for the additional deployment.

**Attachments**

- A. Resolution
- B. Carl Moyer Memorial Air Quality Standards Attainment Program Zero-Emission Off-Road Projects Program Announcement #PA2024-05

Attachment A

**RESOLUTION NO. 24-**

**A Resolution of the South Coast Air Quality Management District Board  
Recognizing Funds and Accepting the Terms and Conditions of the  
FY 2023-24 (Year 26) Carl Moyer Program State Reserve 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 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 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 measures to meet national ambient air quality standards.

BE IT FURTHER RESOLVED that the Governing Board approves the South Coast AQMD's participation in the State Reserve portion of the FY 2023-24 (Year 26) Carl Moyer Program, and the acceptance of funds allocated and awarded to the South Coast AQMD for eligible projects and program administration; and

THEREFORE, BE IT RESOLVED that the Governing Board, in regular session assembled on August 2, 2024, does hereby accept the terms and conditions of the FY 2023-24 (Year 26) Carl Moyer Program State Reserve grant award and recognize up to \$5.3 million from CARB in the Carl Moyer Program Fund (32) for eligible zero-emission off-road projects under the 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.

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Date

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Faye Thomas, Clerk of the Boards





**2024**  
**CARL MOYER MEMORIAL**  
**AIR QUALITY STANDARDS ATTAINMENT PROGRAM**  
**PROGRAM ANNOUNCEMENT**  
**ZERO-EMISSION OFF-ROAD PROJECTS**  
**SOUTH COAST AQMD PROGRAM ANNOUNCEMENT**  
**PA2024-05**

The South Coast Air Quality Management District (South Coast AQMD) is pleased to announce the availability of funds for the Carl Moyer Memorial Air Quality Standards Attainment Program, which has played a significant role in incentivizing equipment owners to purchase cleaner-than-required engines, vehicles and equipment.

The Carl Moyer Memorial Air Quality Standards Attainment Program is intended to obtain “surplus” emission reductions of Nitrogen Oxides (NO<sub>x</sub>), Particulate Matter (PM<sub>10</sub>) 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 eligible zero-emission off-road project applications for the 2024 Carl Moyer Memorial Air Quality Standards Attainment Program (hereafter “CMP”). **At least \$5 million is available under this solicitation from the CMP State Reserve and other funds.**

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 processed as it is received based on the cost-effectiveness of NO<sub>x</sub>, PM<sub>10</sub> 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 25<sup>th</sup> 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 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 (H<sub>2</sub>), 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 newer equipment with zero-emission technologies. 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.

### Engine Repower

Engine repower means the replacement of an in-use engine with zero-emission technology within an existing vehicle or equipment.

### 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 CATEGORY**

Project equipment must be domiciled within the SCAB and operate a minimum of 75% of the time within the boundaries of the SCAB. Below is the specific project category identified for funding under this PA:

<b>Project Category*</b>	<b>Examples</b>
Off-Road Equipment	<ul style="list-style-type: none"><li>• Construction Equipment</li><li>• Industrial Equipment</li><li>• Agricultural Mobile Equipment (loaders, tractors, water pulls, etc.)</li><li>• Cargo Handling Equipment</li></ul>

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

### **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:

- Equipment Replacement: The purchase of new or used equipment with zero-emission technology to replace an older, fully functional piece of equipment to be scrapped.
- Repower: The replacement of an existing engine with a zero-emission system instead of rebuilding the existing engine to its original specifications.

### **Diesel Construction Equipment**

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

<b>Fleet Size</b>	<b>Horsepower Range</b>
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, CARB approved amendments to the Off-Road Regulation. Actions adopted by CARB has limited the eligibility of off-road equipment for CMP funding and as a result, potential funding for zero-emission replacements and repowers will be available for the existing Tiers until the following dates:

<b>Potential Funding</b>	<b>Large Fleets</b>	<b>Medium Fleets</b>	<b>Small Fleets</b>
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 zero-emission technologies. 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 Regulations & CMP Guidelines.

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.

### **Forklifts**

Forklift replacement projects for construction, CHE and agricultural operations must replace forklifts with lift capacities of less than or equal to 8,000 lbs.

## **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 available on and after August 6, 2024 at [www.aqmd.gov/moyer](http://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 zero-emission technology based on the type of project. The proposed 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](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 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](http://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 August 6, 2024 at: [www.aqmd.gov/moyer](http://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 October 15, 2024 at 11:59 PM, or when South Coast AQMD reaches \$5 million in eligible applications, whichever comes first.** 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 October 15, 2024, 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<sub>x</sub> 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.
- 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 off-road projects).
- 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](http://www.aqmd.gov/moyer)

## **SECTION VI – APPLICATION EVALUATION/RECIPIENT SELECTION CRITERIA**

South Coast AQMD staff will evaluate all off-road zero-emission project applications and make funding recommendations for eligible projects. Each project will be evaluated based on two primary criteria: (1) the cost-effectiveness of NO<sub>x</sub>, PM<sub>10</sub> and ROG reduced, and (2) the project's status with respect to the disadvantaged community and low-income criteria prescribed by CARB.

### **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, \$34,000 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 \$522,000 per weighted ton of emissions reduced applies to projects that are zero-emission or meet the cleanest certified optional standard applicable. 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<sub>x</sub>, ROG and PM<sub>10</sub> emission reductions that will be achieved by the project. Project cost-effectiveness is currently calculated according to the following formula:

$$\frac{\text{Annualized Cost (\$/year)}}{[\text{NOx reduction} + \text{ROG reduction} + (20 \times \text{combustion PM10 reduction})] \text{ (tons/year)}}$$

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](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, maintenance logs for a minimum of two years, or tax depreciation records. Equipment must be owned a minimum of two years from the date of application submittal.
- Project equipment must be domiciled within the SCAB and operate a minimum of 75% of the time within the boundaries of 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, 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. Inspections of all vehicles/engines/equipment may be conducted in-person or virtually via remote inspections. Applicants must make all equipment available for in-person or remote inspections 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. The applicant must provide the historical usage records for the equipment as part of the application for the previous two years. Fleet averages cannot be used.
- 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](http://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](http://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 PA2024-05	August 2, 2024
Applications Open	August 6, 2024
All Applications Due by 11:59 pm (or when South Coast AQMD reaches \$5 million in applications, whichever comes first)	<b>Wednesday, October 15, 2024</b>
Contract Execution	October 2024 thru March 2025

**ALL APPLICATIONS MUST BE RECEIVED VIA SOUTH COAST AQMD'S  
CMP ONLINE GRANT MANAGEMENT SYSTEM  
NO LATER THAN TUESDAY, October 15, 2024 at 11:59 PM  
(DEADLINE TO SUBMIT MAY CLOSE EARLY IF SOUTH COAST AQMD REACHES \$5 MILLION IN  
APPLICATIONS)**

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

## **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](http://www.aqmd.gov/moyer).

**Table 1: CMP Staff Contacts**

<b>Project Category</b>	<b>Staff Contact</b>	<b>Phone Number</b>	<b>Email</b>
Off-Road Equipment	Alyssa Yan	(909) 396-2024	<a href="mailto:ayan@aqmd.gov">ayan@aqmd.gov</a>
	Darren Ha	(909) 396-2548	<a href="mailto:dha@aqmd.gov">dha@aqmd.gov</a>
	Kevin Perozo	(909) 396-2522	<a href="mailto:kperozo@aqmd.gov">kperozo@aqmd.gov</a>
	Greg Ushijima	(909) 396-3301	<a href="mailto:gushijima@aqmd.gov">gushijima@aqmd.gov</a>
	Alan Wang	(909) 396-2853	<a href="mailto:awang@aqmd.gov">awang@aqmd.gov</a>

### **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](mailto:carlmoyer@aqmd.gov)

### **WEBSITE LINKS TO CARB RULES THAT AFFECT CMP ELIGIBILITY**

<b>CARB Regulation</b>	<b>Website</b>
In-Use Off-Road	<a href="http://www.arb.ca.gov/msprog/ordiesel/ordiesel.htm">http://www.arb.ca.gov/msprog/ordiesel/ordiesel.htm</a>
Cargo Handling Equipment	<a href="http://www.arb.ca.gov/ports/cargo/cargo.htm">http://www.arb.ca.gov/ports/cargo/cargo.htm</a>