

GLENN COUNTY AIR POLLUTION CONTROL DISTRICT

CARL MOYER PROGRAM POLICIES AND PROCEDURES



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1. Purpose

The purpose of this Glenn County Air Pollution Control District (District) Policy and Procedures Manual is to provide staff guidance on how to implement the California Air Resources Board's (ARB) Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) to ensure fair and consistent decision-making, project selection, management, and tracking.

These guidelines are subject to change based on local needs, amendments to the program guidelines published by ARB, technical advisories, and clarifications put forth by ARB. All updates to the program guidelines created by ARB shall supersede district guidelines.

2. Background

The Carl Moyer Program was established in 1998 as a grant program to fund the incremental cost of cleaner-than-required heavy-duty engines, equipment, and emission reduction technologies. Originally targeted to reducing oxides of nitrogen (NOx) emissions, the program now includes reduction of particulate matter (PM) emissions and reduction of reactive organic gases (ROG). Legislative modifications enacted in 2004 expanded the program to include projects that reduce emissions from agricultural sources, light-duty vehicles, and on-road fleet modernization eligible for Carl Moyer Program funding. These legislative modifications also created a new incentive program aimed at previously unregulated agricultural sources, the Agricultural Assistance Program.

The Carl Moyer Program is implemented as a partnership between the ARB and local air districts. ARB provides overall administration and guidance for the program, with the funding and the implementation of the projects conducted by the local air districts (Glenn County). The approved latest Carl Moyer Program Guidelines (<http://www.arb.ca.gov/msprog/moyer/moyer.htm>), published by ARB in June 2017, provide the minimum requirements under which the Carl Moyer Program is administered by ARB and the districts. . The Guidelines are updated, when necessary, to reflect significant additions or changes to the program. In addition, ARB staff issues Technical Advisories and Mail-Outs to provide further clarification on specific areas, and to reflect changes in regulations.

The Carl Moyer Program Guidelines require that each participating district establish Policies and Procedures for administration of the Carl Moyer Program. This document contains Policies and Procedures intended to provide an explanation of District policies with regard to local implementation of the Carl Moyer Program. It also contains procedures for the District's day-to-day operation of the Program in order to meet the requirements of the Health and Safety Code, Carl Moyer Program Guidelines, ARB Technical Advisories, and District policies and procedures.

The District policies and procedures do not replace the Carl Moyer Program Guidelines, but are intended to provide direction and procedures for the district's implementation of the Carl Moyer Program. District staff should reference the Carl Moyer Program Guidelines for detailed descriptions of ARB's Carl Moyer Program procedures and requirements.

3. Carl Moyer Program Implementation

The ARB determines the tentative District awards for each year in accordance with the formula identified in Health & Safety Code Section 44299.2(a). The formula provides a minimum allocation of \$200,000 to participating districts. Awards that exceed the minimum allocation of \$200,000 are calculated based on district

population, severity of the air quality problems and the historical funding awards under the Carl Moyer Program. The District typically receives the minimum allocation.

The Carl Moyer Rural Assistance Program is a program that was put into place to expend grant awards that air districts are unable to obligate. The California Air Pollution Control Officers Association (CAPCOA) receives applications and selects the projects. The Glenn County APCD implements the program post-project selection in the same manner as the standard Moyer funds.

The ARB solicits district applications for the local programs by sending solicitation packets to the APCO at each district in the fall of each year. The application packet must be completed and submitted by the posted deadline, which is 60 days from the date of the solicitation. The application packet must include the completed application with original signature, documentation for the match commitment, Board resolution, an implementation plan for obligating the grant award, and documentation of commitment and expenditure of previous grant awards. Detailed requirements for each of these items are included in the Carl Moyer Program Guidelines, in the Program Administration section. The Air Pollution Control District Program Manager prepares the application for the APCO's signature. The APCO, with the assistance of the Program Manager, prepares the staff report and resolution for the Air Pollution Control Board. The APCD Board must annually approve the Carl Moyer Program districts participation in the Carl Moyer Program and delegate the APCO the authority to enter into agreements via Resolution.

The ARB is in charge of issuing Carl Moyer Program guidelines and will provide guidance on project-specific questions when requested. The Carl Moyer Program guidelines (and advisories) developed by the ARB serve as the minimum requirements that a district must use to structure its local implementation of a Carl Moyer Program funding program. An air district may elect to set local standards that are more stringent than those developed by ARB but in no case shall the district policies and procedures be less stringent than those established by ARB. Districts may fund only those projects that meet the Carl Moyer Program guidelines and eligibility criteria, or those projects approved on a case-by-case basis by ARB staff. Current guidelines and advisories can be found at: <http://www.arb.ca.gov/msprog/moyer/moyer.htm>

ARB determines the final awards for each district. These awards are incorporated into a Grant Award and Authorization form, which specifies the amount of the award for projects, and outreach funding. Two original copies are sent to the district. The APCO signs both copies. Funds are accepted after the resolution is approved by the Air Pollution Control Board and submitted to the ARB. One is retained in district files and the other is returned to ARB. The Grant Award forms state the deadline for acceptance of a grant award. As required in the grant award, the district meets all application stipulations in order to accept an award.

Following execution of the Grant Award and Authorization, the district must submit a Grant Disbursement Request to ARB to obtain funding. The district may request the entire allocation of receiving the minimum allocation or up to 10 percent of its allocation or \$100,000, whichever is greater, and one-half of the administrative funds if receiving a larger grant. Grant awards and disbursements are further described in the Carl Moyer Program Guidelines, Program Administration section. Any Carl Moyer Program funds provided by the State of California that are deposited in interest bearing accounts must be reported to ARB. The interest income must be used to fund projects that meet the current Carl Moyer Program Guidelines. The APCO requests the grant disbursement. The funds are placed in an interest bearing account and fiscal personnel track the funds. Fiscal personnel maintain these files for the life of the projects plus three years. The Glenn County Air Pollution Control Board has authorized staff to solicit project proposals for all qualifying Carl Moyer projects.

4. Match Funding

Districts participating in the Carl Moyer Program may choose to provide \$1 in match funding for every \$2 of state Carl Moyer Program funding awarded by ARB, with a cap on statewide match funds at a total of \$12 million. If a District does not provide match funds they may receive the minimum amount of \$200,000.

The APCO determines whether or not the District will provide a match as well as the amount of District match each year. The source of match funds can be from AB 2766 or other funds. The Air Pollution Control District Manager manages these projects programmatically and the Chief Fiscal Officer manages them fiscally. All files are contained at the District offices and kept for the life of the project plus three years.

The Glenn County Air Pollution Control District currently collects AB 2766 (DMV) funds but does not collect the additional \$2.00 DMV fee, nor does it typically provide match funding from other district sources.

5. Outreach Funds

ARB sets aside up to ten percent of the total Carl Moyer Program annual funding for local air district outreach to implement the local program. These funds are distributed to each district based on the annual allocation of project funds that a district receives. Administrative funds may be used for direct costs associated with the tasks outlined in the Program Administration section of the Carl Moyer Program Guidelines, and must be documented by district staff.

All District staff note all Carl Moyer Project time spent on their timecard and the sums are tallied in the payroll and accounting worksheets. The data base files are on the District share drive. Fiscal personnel track these funds.

6. State and Matching Funds Commitment

Each funding year, ARB specifies the amount of matching funds the District must provide. The District may use motor vehicle registration fees to satisfy this requirement if approved by the Air Pollution Control Board. Any mitigation program funds available to the district may also be used for matching funds. To count as matching funds, motor vehicle registration fees must be used on motor vehicle projects as defined in the Guidelines, which also include self propelled equipment like tractors and forklifts. Motor vehicle registration fees (AB 2766 - \$3 DMV fees) may not be used for stationary sources. Up to 15 percent of the match requirement may be provided through un-reimbursed "in kind services" (i.e.; the cost of District staff time over and above the amount reimbursed by program administration funds). See additional details on matching fund requirements in the Program Administration chapter of the state Carl Moyer Guidelines.

7. Applications, Project Solicitation, and Outreach

The Carl Moyer Program allows District discretion in how projects are solicited. The District accepts applications throughout the year, but must receive applications by the application deadline for a project to be considered for funding for that project year. Applications received after the application deadline will be considered for funding in the subsequent project year unless a surplus of funds are available to allow for consideration of late applications. Districts are not required to fund all eligible categories, and may target specific categories. The District primarily solicits off- road and Agricultural projects. The APCO approves all projects and signs all project agreements.

All applications must include a disclosure statement, identifying if the applicant has applied to other entities for funding and identification of the potential funding source(s). In addition, the applicant must certify what other sources funding has been received for the project. An Applicant who is found to have applied for or received funding from another entity or program for the same project without disclosing that information as required may be disqualified from funding for that project.

Outreach for the program is accomplished through public workshops and meetings, one-on-one meetings, district mailing lists, and through the District website. Third-party engine suppliers are used for outreach along with District contacts involved with the permitting process. Other outreach may be performed as necessary.

For an application to be considered complete and eligible for consideration in the program, the application must contain, at a minimum:

- 1) The make, model, year, and horsepower of the existing (baseline) equipment, or sufficient detail to allow district staff to determine this information
- 2) Serial number or other identifying number for the baseline equipment
- 3) The make, model, year, and horsepower of the replacement (reduced) equipment
- 4) An itemized invoice from the dealer showing dated within the last two years with sufficient detail to allow district staff to determine eligible project costs
- 5) Applicant information
- 6) Funding disclosure
- 7) Usage information of the baseline equipment

Applications must be received by the district on an approved application form put out by the district, the ARB, or CAPCOA. If the District determines that information on the application is incorrect (such as baseline equipment horsepower, tier, etc), the District reserves the right to evaluate the project using the information that the district believes is accurate. The District reserves the right to make assumptions for missing information in order to quickly evaluate applications.

Incomplete applications received by the deadline will be processed in accordance with section (10)(B) of these guidelines.

The applicant is responsible for knowing the application deadline and for submitting all required documents to the District.

8. Project Categories

The District prefers to accept the Carl Moyer Program application located on the District application, but will accept ARB's standardized application form, or CAPCOA's Rural Assistance Program application form.

Details on the most current project criteria are contained the Carl Moyer Program Guidelines approved and published by the ARB. Additional District policies and procedures are listed below along with notable state restrictions and other general information.

Projects will typically be given the minimum 3-year contract term unless required by a compliance deadline. Projects not meeting the cost effectiveness limit of \$30,000 per weighted ton of air pollutants reduced within a 3-year contract term may be given a longer project life as needed to achieve the cost effectiveness limit. Priority is typically given to projects achieving the greatest cost effectiveness within the shortest project life

A. Stationary Agricultural Engines

These engines power tow behind sprayers, booster pumps as well as water well pumps. They are regulated by ARB's stationary engine Airborne Toxic Control Measure (ATCM) and District Regulation 106. Compliance deadlines began to take effect on December 31, 2010. These pumps may be repowered with as little as a one-year project life, as described in the CMP Guidelines.

Trailer-mounted pumps are considered stationary as described in the January 25, 2008, letter to air districts from Robert D. Fletcher, Chief of ARB's Stationary Source Division. Engines owned by rental companies are not eligible.

Projects converting ag pumps from diesel to electric may be eligible to receive funding for a portion of the infrastructure costs. The district reserves the right to have final discretion on what infrastructure costs are eligible for funding and may choose to be more restrictive than the Carl Moyer Guidelines developed by ARB. The district may choose to fund different infrastructure costs each year depending on the number of applicants and the amount of funding available. All labor costs associated with infrastructure must be performed by a licensed contractor and cannot be performed by a facility's employees.

Applicants must submit an itemized invoice to the district prior to the application deadline so that the district may determine which costs are eligible for funding. Only those costs submitted on an itemized quote by the application deadline will be considered for funding. The district reserves the right to determine which items are eligible for funding. The district may request the applicant provide a more detailed quote if the original quote is insufficient to determine which items are eligible.

B. Off-Road Compression Ignition Replacements and Repowers

Please refer to the Glenn County Air Pollution Control District Off-Road Equipment Replacement Program Policies and Procedures for up to date Off-Road Equipment Replacement Program (ORERP) Projects. Funding is approved through the project selection process described in Section 11. The current Tier engine must be used when available and all projects must be in compliance with ARB Regulations to qualify

Applicants must submit an itemized invoice to the district prior to the application deadline so that the district may determine which costs are eligible for funding. Applicants may choose to include ancillary equipment such as loaders, backhoe attachments, or equipment cabs on the invoices submitted to the district. Applicants may request the cost of any ancillary equipment not be included in the cost of the quote not be included in their project cost in order to increase the cost effectiveness of their project. If an applicant chooses not to include the cost of any ancillary equipment in project cost, the applicant assumes responsibility of the purchase of such equipment. The district ultimately reserves the right to use discretion on whether or not to include ancillary equipment as an eligible project cost in any given year.

C. On-Road Heavy Duty Vehicle Repower, Retrofit; Other project types

Other types of projects eligible for funding under the most recent Moyer Guidelines may be considered by the district on a case-by-case basis. These projects may be eligible for limited funding opportunities based on compliance status with ARB Regulations.

9. Correspondence and Coordination with ARB

ARB has assigned a staff liaison for each district. For information on the current liaison at ARB, interested parties may contact the district for current information. Carl Moyer Program duties are performed by the District staff, as assigned by the District Program Manager. Carl Moyer Program fiscal duties are performed by the District Chief Fiscal Officer. District staff shall document any correspondence with ARB staff regarding ARB interpretations, clarification, guidance or possible deviations from the Carl Moyer Program Guidelines. All documentation shall be kept in the Carl Moyer Program project files.

ARB has developed a centralized database for all Carl Moyer Program projects, CARL. All districts are required to use this database. ARB will provide training to district staff in the use of the database. The District currently uses CARL to screen, track and report all Carl Moyer Program projects. The district uses the cost effectiveness values generated by CARL to screen projects, and determines which projects will receive funding using these values.

10. Project Selection

- (A) In accordance with Health & Safety Code, districts must review all applications for completeness upon receipt and notify the applicants in writing within thirty (30) working days of application receipt if the application is complete or not. Carl Moyer Rural Assistance Funds projects are selected by CAPCOA and then forwarded to the District for inspection, contracting, and funding.
- (B) District staff will review project applications for completeness. Applicants are notified by mail, or any other preferred means of communication, of any deficiencies. If applicants are notified of any deficiencies in their application after the application deadline has passed, the applicant will be given fourteen (14) days after notification letters have been mailed to provide any additional information. It is the responsibility of the applicant to provide valid and reliable contact information in their initial application. The project selection is generally made by the District staff within two months after the application deadline. An additional two months are typically required to complete initial inspections and subsequently obtain signed contracts. Contracts are signed with participants after the district receives the grant funds from the ARB.
- (C) All projects must meet the minimum requirements as stated in the *Carl Moyer Memorial Air Quality Standards Attainment Program - 2017 Guidelines* published by ARB, the *Glenn County Air Pollution Control District Off-Road Equipment Replacement Program Policies and Procedures*, and ARB Technical Advisories.
- (D) Funds will be awarded based on the number of complete applications received by the primary application deadline meeting of the current cost effectiveness requirement. Projects will be ranked based on their cost effectiveness, and only those projects that are most cost effective will receive funding, until the funding pool has been exhausted. A secondary application file is created to hold late applications, and applications that did not qualify for funding, for possible future consideration. All projects must achieve a cost-effectiveness less than \$30,000.00 per weighted ton of air pollutants reduced. Pollutants included in the cost-effectiveness calculation are NO_x (oxides of nitrogen), ROG (reactive organic gases) and diesel PM (particulate matter). PM is weighted by a factor of 20; (NO_x + ROG + 20*PM). The District staff will calculate cost effectiveness of a project based on the calculations set in the *Carl Moyer Memorial Air Quality Standards Attainment Program 2017 Guidelines*. The District will select projects based on cost effectiveness until the total amount of grant funds have been allocated to projects. Projects are typically evaluated based on a 3-year project life

unless otherwise required by a compliance deadline. If a surplus of funds exist and the District has remaining projects not meeting the \$30,000 cost effectiveness limit within a 3-year project life, the District may choose to evaluate those projects using a longer project life until the cost effectiveness limit has been met. Priority will first be given to projects meeting the cost effectiveness limit within the shortest amount of time, followed projects requiring a longer project life needed to meet the \$30,000 cost effectiveness limit.

- (E) Except for when funding amounts for projects have been determined by an outside entity such as CAPCOA, projects will be funded by determining the maximum grant available (maximum grant) as specified in the *Carl Moyer Memorial Air Quality Standards Attainment Program 2017 Guidelines*, then adjusting the maximum grant downward until the maximum numbers of projects from the application pool qualify. The sum of all grants awarded shall not total more than the amount the district has available for project grant funds. The district shall adjust the maximum grant amount of each potential project downward to no less than 60% of the possible maximum grant amount (unless requested otherwise by the applicant), until the maximum number of projects qualify and the sum of all qualifying projects equals the amount of funding received and available by the district. All projects shall receive the same percentage of downward adjustment applied to eligible costs. Each applicant will be allowed one project per funding cycle. In the event that all applicants have received the maximum potential funding amount and the district has a surplus of grant funds available, applicants may be allowed to fund multiple projects based on cost effectiveness. If no additional projects are available to fund and all applicants are receiving the maximum amount of grant funding available, the district reserves the right to either fund projects that were applied for after the application deadline, or save the funds for use in the next funding year. The maximum grant amount a project is eligible to receive shall be capped at \$50,000 unless the district has a surplus of funds available, the district has no additional projects eligible for funding, or with APCO approval. No projects are funded above the funding limit set forth in the *Carl Moyer Memorial Air Quality Standards Attainment Program 2017 Guidelines*.
- (F) In the event that an applicant has applied for multiple projects, and multiple projects have qualified based on cost effectiveness, the applicant will be allowed to choose which project they would like to receive funding for. Once the applicant has determined which project they would like to receive funding for, the applicant will not be allowed to choose a different project unless approved by the district. If the applicant chooses to fund a different project after all qualifying projects have been selected, the grant amount will not be increased and may be subject to a decrease in funding amounts depending on the cost of the project.
- (G) In lieu of applying for the maximum amount of funding available for a project, an applicant may request a smaller amount of funding to increase the cost effectiveness of their project. Applicants may request either a percentage of the total project cost, a percentage of the eligible project costs, or a fixed dollar amount. An applicant may only request an alternate amount that is less than 50% of the eligible costs of the project. Applicants requesting greater than 50% of the eligible costs of a projects will be evaluated based on the eligible project costs using the standard cost effectiveness methodology as described in the 2017 Moyer Guidelines. Applicants must request the alternate amount on their application prior to application deadline. Applicant shall not be informed of how they rank in relation to other applicants when requesting an alternate funding amount.
- (H) Projects are ranked based on cost effectiveness calculations made in the CARL database. Most projects screened through the CARL database have cost effectiveness values based on funding 80% of eligible projects costs for replacement projects, and 85% of eligible project costs for repower projects. When an applicant requests funding for less than 50% of the eligible cost of a project from the district, the district

shall determine the cost effectiveness of a project based on the applicant's requested amount. When calculating cost effectiveness based on calculations provided in the CARL database, the project cost may need to be adjusted to reflect a cost effectiveness based on the amount the applicant requested. Applicants must still provide a quote for the new equipment showing the new equipment and the original cost. The adjusted project cost to be used in the CARL database for projects requesting less than the maximum district amount shall be determined by the following:

Replacement Projects:	(Requested Grant Amount) / 0.50
Repower Projects:	(Requested Grant Amount) / 0.53

Adjusting to project cost based on the amount requested by the applicant ensures that all projects are ranked fairly in consideration of cost effectiveness. The district may also use the calculations set forth in the *Carl Moyer Memorial Air Quality Standards Attainment Program 2017 Guidelines* to determine the cost effectiveness of a project rather than screen the projects through the CARL database.

- (I) Once eligible projects have been selected, those applicants who did not qualify for funding based on cost effectiveness will be notified that their projects have not been selected for funding. Those projects that do qualify shall be notified by their preferred method of communication that their project has been selected for possible funding. Qualified applicants selected for funding will be informed of the minimum amount of district funding they qualify for, which is 60% of the maximum potential grant. Projects that do not qualify will be retained by the district for a minimum of three (3) years. Projects that did not qualify may have their applications re-evaluated each year, but may be required to submit updated information to be considered as a completed application. Applications that are carried over from previous years will be informed by mail during the next application cycle if updated information is required.
- (J) District staff and board members are prohibited from applying for funding or participating in the program while serving their term, as determined by Legal Opinion No. 08-307 put forth by the Office of the Attorney General.

11. Commitment of Funds to Projects

Once final selection of projects to receive funding has been completed and approved by district staff, commitment of funds can take place. The agreements are delivered to County Counsel for approval as to form. The APCO approves the distribution of funds and signs the project grant agreements. Agreements are signed by the participants and the APCO in the district office. Participants are given a copy of the agreement they signed in person. The fully signed agreements are kept by the District in the project file. The District does not typically enter into grant agreements with participants until the district has received the funding disbursement from the ARB.

12. Contract Development (Grant Agreements)

ARB requires that all Carl Moyer Program project contracts contain the following provisions: party names and date; contract term, including project completion and projection implementation/life; payment provisions, including maximum contract amount, the requirement for itemized invoices, funding disclosure and non-compliance terms; Carl Moyer Program compliance requirements; requirement for maintenance of engine/vehicle; project specifications and performance expectations, repercussions for non-performance, on-site inspections; records retention, reporting and auditing; insurance requirements; notices; and signature blocks for both parties.

Carl Moyer Contracts are developed under the direction of the APCO and grant funds must be completely liquidated within two years of the original date of contract execution unless cumulative tracking is utilized.

The District will not typically enter into contracts with participants prior to receiving funds from ARB. Applicants will have thirty (30) days from when the district receives funds to enter into contract with the district. Applicants will be notified via their preferred method of contact when the district is ready to enter into contract. Applicants may request longer than thirty (30) days to enter into contract with the district on a case-by-case basis. If the applicant is unable to enter into contract with the district within the time period allowed, the district has the right to withdraw the offer for participation in the program. After the applicant has signed a contract with the district to accept funding, the applicant is considered a “participant” in the program.

Prior to entering into a contract with the district for participation in the program, the applicant should ensure they are in good standing and regulatory compliance with all programs within the Department of Agriculture. Good standing may be considered as being in compliance with existing regulations under the authority of the Department Head, having no outstanding or unresolved violations or compliance issues, and current with all inspection and reporting requirements. Discretion is given to the APCO to approve and fund projects that are not in full regulatory compliance. Past violations or compliance issues that have been resolved are not grounds to disqualify an applicant from the program, except for fraudulent activity related to participation in the Carl Moyer Program. Applicants who have been selected for participation in the program will be given an opportunity to resolve any outstanding issues as may be required by the APCO. Applicants who have not resolved any outstanding issues within selected given compliance deadline may have their participation in the program withdrawn unless an extension or exception is granted by the APCO. At the discretion of the APCO, any alleged fraudulent activity related to the program may disqualify an applicant from future participation in the program.

13. Expenditures: Project Invoice and Payment

Once a project’s contract is executed, District staff conducts the necessary post-inspection as described in Section 15 below. The District must receive an invoice requesting payment and a completed IRS form W-9 tax ID form from the party to whom the check is to be issued. Participants may choose to have the district remit payment to the participant or the dealership.

The project must pass post inspection requirements before payment may be made.

Taxes, installation costs for eligible material, hardware, or equipment, and labor costs are potentially eligible for Carl Moyer Program funding under certain conditions. Installation costs for diesel-to-diesel agricultural pump repowers are not eligible for funding. Installation labor costs incurred by a grantee’s own employees are not eligible for funding. Applicant may only request funding for installation costs or associated materials and hardware prior to the application deadline

A potential grantee may not order or make a down payment on a new engine, piece of equipment, or vehicle prior to contract execution. Dealers ordering engines, equipment, or vehicles prior to district approval of grant applications assume all financial risk, and are in no way ensured program funds. A grantee may not receive engines, equipment, or vehicles, nor may work begin on a repower or retrofit project, until the project contract is fully executed. Projects that deviate from the conditions of the contract, that purchase ineligible equipment, fail to properly destroy or allow a post inspection to take place may have the contract with the district rescinded and may not be eligible for funding.

Payments may be made either to the grantee or the equipment vendor. The Agreement gives the participant the ability to choose who the payment is made to. The W-9 Tax ID form and the project invoice submitted to the district must match the payee.

For all on-road projects, if a compliance check was not previously completed, the district shall verify with its ARB district liaison that there are no outstanding violations or compliance issues prior to payment.

For projects where the participant must comply with an ARB regulation early to receive funding, invoices may not be paid until the project participant has provided documentation that early compliance has been achieved. A project participant may demonstrate early compliance via a detailed letter signed by the vehicle or equipment owner or legal representative or, if the regulation requires ARB to certify compliance, through ARB certification.

Invoices received after a project post-inspection has been completed must be evaluated for consistency with the project post-inspection form. Invoices must be dated after the date the Agreement was originally signed.

The District shall maintain copies of all invoices and documentation of payment in the project files. Project files retained for at least three (3) years after the grant contract period.

Once District staff has completed the post inspection and determined that the project has met the contract requirements, staff reviews the applicant invoice for correct amounts and date, approves it, and submits it to the Fiscal Officer for payment. The Fiscal Officer prepares a County Claim/Authorization for Release of Funds and submits it to the Glenn County Department of Finance office for payment. A copy of the claim and invoice is maintained in the program file for at least three (3) years after the grant contract period.

14. Project Inspections

Pre- and post-inspections must be completed for all funded projects and recorded on the appropriate district form. The exception to the required inspections is for public fleets. Public fleets are discussed below in the pre- and post-inspection paragraphs. Pre-inspections must take place prior to contract execution.

A. Pre-Inspection

The pre-inspection process includes recording the serial number of the baseline engine and verifying the information in the application about the baseline engine/equipment is correct, including make, model, model year, horsepower. Verification of horsepower can include obtaining the information from an outside source. The pre-inspection shall also verify that the engine/equipment is operational (with a start up) and that the engine is working as described in the application (document function and use). “Operational” means that the engine must start and be able to perform its intended purpose. Photos shall be taken of the baseline equipment and retained in the project file. The photos must show the engine in the vehicle/vessel/equipment and show a close up of the engine plate if possible. Photos for repower project must show the full engine, the engine serial number, and any information the district deems relevant. Photos for repower projects must show the equipment from the right, left, front, and back, the engine from the left and right side, and the serial numbers for both the equipment and the engine. Photos must clearly show that the equipment is structurally able to operate for the intended use specified on the project applicant.

B. Post-Inspection

Post-inspection occurs following execution of the contract and consists of verifying the baseline equipment has been destroyed in a sufficient manner, and the new equipment is consistent with the project application and Glenn County Air Pollution Control District

contract. In the case of public fleets of more than 20 vehicles, the District inspects a random number of vehicles or a total of five percent. The post-inspection verifies that the engine listed in the contract was installed. Information to be recorded during the post inspection includes serial number, make, model, model year, and horsepower of the new equipment, and a confirmation that the old equipment has been destroyed. The new equipment must be operational and serve the same purpose as the original equipment as stated in the contract. "Operational" means that the engine must start and be able to perform its intended purpose. District inspectors shall visually witness all engines start-up and mobile projects operating as intended. Vehicle/engine information shall be documented and include appropriate photos.

The post-inspection shall verify that the baseline engine or vehicle is destroyed or otherwise rendered non-operational and non-repairable. District staff must see the destroyed engine and document the destroyed engine through photographs, unless the district has given prior written approval to accept another form of documentation verifying that the equipment has been destroyed. District staff must be able to identify, either through serial number or other form of identification, that the equipment has been destroyed. For engines without a complete, visible, and legible serial number an alternative means of identification will be utilized as approved by the district.

Engine destruction for the purposes of this program means to render the baseline engine unusable. At a minimum, engine destruction must include a hole in the block at least three inches in width. For replacement projects, the pre- and post-inspection photos will be maintained in the project file.

The District Program Manager or staff conducts the post inspection unless other arrangements are made and pre-approved by the district. Photos are taken of the new engine and the destroyed engine. Public fleets may be fully inspected.

15. Project Tracking, Monitoring, Auditing, and Actions on Non-performing Projects

Grantees may be required (as a condition of the Grant Agreement) to submit annual reports for the life of the project. The annual reports are designed to give the District an understanding of how the funded equipment is being used and performing, and where this activity is occurring. The District may mail reporting forms to each grantee each year. The District will contact grantees that do not complete the first form by the specified deadline. Grantees that do not comply with the reporting requirements are subject to District auditing as specified in the State Carl Moyer Program Guidelines.

Staff will conduct audits of a percentage of projects that fail to submit the annual reporting form.

Staff may conduct audits of at least 5 percent of projects that have been funded for at least one year and are also within two years of contract expiration. Staff shall also conduct audits on at least 5 percent of projects at the end of their contract term and all projects that were found to be more than 30 percent below the contracted activity level during any previous audit.

Audits information requested by the District shall include verification that the funded engines are still operational in the same equipment and satisfy the mileage, fuel usage, or hours of operation indicated on the executed contract. This may be completed by checking the serial number of the engine; witnessing the engine operate; and checking the odometer, hour meter/usage device, fuel receipts, or EMU.

Non-performing Projects: All grant agreements contain a provision that the grantee may be excused from its provisions by requesting the termination of the Grant Agreement and returning funds on a pro rata basis. If the

final report indicates that project activity is more than 20 percent below the level of use committed to in the grant agreement, the District may extend the reporting term, attempt to recover funds, or consult with ARB to determine what, if any, action must be taken to ensure the emissions benefits are realized and captured. In addition, the District may audit all of the other engines owned by the same participant and included in the same Carl Moyer Program funded project.

The level of effort the District expends to recover funds may be guided by circumstances such as 1) The existence of fraud or intentional misuse of funds, 2) The amount of Carl Moyer Program funding involved, 3) The ability of the applicant to repay the funds, or 4) The degree to which contract requirements have been fulfilled

The audits and efforts to recover funds shall be reviewed by the APCO and will be dependent on staff availability and administration funds available. If the district determines that a project has not fulfilled its contract requirements due to fraudulent or misleading information, the district may also seek to recoup administrative costs associated with the project. In the event that administrative costs are recouped, those funds will be applied toward future projects.

16. District Reporting to ARB

District staff shall enter all project data into the CARL database. Until the CARL database is capable of generating the Initial Reports, Final Reports, and Status Reports required by ARB, staff shall generate and submit those reports as directed by ARB on forms supplied by ARB.

District reporting to the ARB is done by the District Project Manager. All fiscal information is generated by either the Fiscal Officer or District Project Manager. All reports are approved by the APCO.

17. Project File Set-Up and Maintenance

The Glenn County APCD maintains documentation of solicitation and project selection by Moyer year, as well as program project and fiscal files.

Project files are set up and maintained by the District Project Manager and District staff. All project files are paper based. The ARB database is used for determining project cost effectiveness and selection. Each project file contains the application, contract, inspection reports, photos, invoices, payment information, and annual monitoring reports.

Fiscal files are maintained by the Fiscal Officer. The fiscal files contain individual project amounts and accounting information for the overall Carl Moyer Program. All files are retained for the life of the project plus three years.

18. ARB Oversight

As part of their oversight responsibilities, ARB staff performs desk reviews of the District Carl Moyer Program, on-site monitoring and “Programmatic Reviews”. “Programmatic Reviews” of a District’s program may involve other state agencies, such as the Department of Finance and State Bureau of Audits. “Programmatic Reviews” may be fiscal, programmatic, or both.

19. Fiscal Management

- (A) Allowable Costs. Carl Moyer Program administrative funds shall be used only for Carl Moyer Program administration and outreach including: District staff time, printing, mailing, and travel costs; project monitoring and compliance expenses; and indirect costs such as general administrative services, office space, and telephone services.
- (B) Required Documentation. The District shall maintain the following documentation of Carl Moyer Program funds used for administration and outreach:
- (1) Personnel documentation shall make use of the District's time accounting database.
 - (2) The District travel cost criteria shall be consistent with the District's written travel policies for other District programs and shall be documented by expense reports.
 - (3) Indirect cost calculation methodology to determine indirect costs of program administration are described below:

The primary basis for determining the indirect cost rate is direct salaries and benefits associated to the program.

$$\text{Indirect Cost Rate} = \frac{\text{Total Program Salaries and Benefits}}{\text{Total District Salaries and Benefits}}$$

The calculated indirect cost rate is applied to the allowable indirect costs (as determined by District Fiscal). The District salaries and benefits reflect an after-the-fact distribution of actual work hours reported by staff using project codes applicable to the program. This allocation methodology proportionately allocates costs in a manner that most accurately reflects the benefits of the services and supplies provided. Exceptions to this are those services and supplies that the calculated indirect rate calculation may not apply. In this case, other methods deemed reasonable will be used to determine the appropriate indirect cost allocation. The basis used will be clearly identified including justification as to why it is applied to the indirect cost.

The District shall maintain documentation for all costs referenced in the indirect cost calculation formula including explanation for any deviations to the indirect cost calculation.

- (C) The above documentation, records, and referenced materials shall be made available for review during ARB or other State agency monitoring visits and audits. These records shall be retained for a minimum of two years after submittal of the Final Report for that funding cycle to ARB.
- (D) Carl Moyer Program staff shall maintain expenditure spreadsheets that document the current state of commitments and expenditures for each program year. Spreadsheet expenditures shall be updated each time a payment request memorandum is sent to the fiscal department. Spreadsheet commitments shall be updated each time the Glenn County Air Pollution Control Board approves a new grant agreement. Updated spreadsheet shall be e-mailed to the fiscal department staff whenever requested.

20. Interest Earned on Carl Moyer Program Funds

Any interest accrued on Carl Moyer Program funds provided by the State that are deposited in interest bearing accounts must be reported to ARB. The interest income must be expended on projects that meet the current Carl Moyer Program Guidelines in accordance with the timelines in the Guidelines. Projects funded by interest earned shall be entered into the CARL database.

The District maintains a segregated account that tracks revenues, expenditures, and interest. Interest calculation for all fiscal programs, including the Carl Moyer Program, is performed by the County Treasury Department based on average daily balance. The District receives quarterly interest apportionment from the County Treasury Department. Interest is easily and separately identifiable. The District segregates its Carl Moyer Program funds into separate accounts for program administration and Carl Moyer Program projects. The District uses all interest earned in the project account to fund eligible Carl Moyer Program projects. The interest earned in the program administration account may be used for program administration. The District tracks and reports on earned interest using the Funding Cycle Method.