

REMEDIATION FUND ADMINISTRATOR APPLICATION

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Print clearly or type all information on this application.

1. Company Name/Air District/Organization Name/Individual Name: San Joaquin Valley Air Pollution Control District
2. Business Type: Air Pollution Control District
3. Contact Name and Title: Todd DeYoung, Director of Grants and Incentives

4. Mailing and Contact Information:

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Please include with your application a resolution from your agency's governing board authorizing participation in the remediation fund program.

Email Completed Applications to: shorepower@arb.ca.gov

Mail Completed Applications to: CHIEF, TRANSPORTATION AND TOXICS DIVISION,
CALIFORNIA AIR RESOURCES BOARD 1001 I STREET SACRAMENTO, CA 95814

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Answer all questions in the **application** below as completely as possible. CARB may request additional information in order to clarify responses provided on this **application**.

1. Describe any experience implementing incentive programs for heavy-duty diesel vehicles and off-road equipment, with a focus on the Carl Moyer Program; the Proposition 1B Program; the Community Air Protection Incentives; or similar programs for mobile and/or stationary sources of air pollution.

The District operates one of the largest and most well-respected voluntary incentive programs in the state. Since the District's inception in 1992, considerable funding has been expended in support of clean-air projects in the Valley. These projects have achieved significant emissions reductions with corresponding air quality and health benefits. The District typically requires match funding of 30-70 percent from grant recipients. To date, the District has awarded over \$1.62 billion dollars in grants with an additional contribution of \$1.88 billion in cost-share from recipients for a total funding investment of over \$3.5 billion. Some of the key incentive programs currently available to Valley residents, public agencies, and business owners through the District include:

Carl Moyer Program

The Carl Moyer Program has been an on-going and reliable source of funding since 1999 to reduce the impacts of diesel emissions in the San Joaquin Valley. Through this program, the District has focused a considerable amount of funds on stationary agricultural engines as well as heavy-duty off-road equipment. To date, the District has funded over \$1.2 billion in projects and reduced over 173,000 tons of emissions with a cost effectiveness of \$7,290 per ton through the Carl Moyer Program. Because of this success, the District has been approached by several neighboring air districts to either assist with the administration of their Carl Moyer Program funds or to allocate a portion of their unused funding allotment to the District as an alternative to sending those funds back to ARB. Over the past five years the District has successfully partnered with the Mojave Desert Air Quality Management District, the Antelope Valley Air Quality Management District, the Tuolumne County Air Pollution Control District, and the Great Basin Air Pollution Control District.

Proposition 1B Goods Movement Emission Reduction Program

One of the major sources of funding for the District's incentive programs is the Proposition 1B program, which uses bond funds for a variety of state transportation priorities. The District aggressively pursued its share of Proposition 1B funding, and the Valley will receive approximately \$250 million over the life of the program. The Prop 1B Program is for equipment engaged in goods movement to replace, repower and retrofit on-road heavy-duty diesel trucks, replace locomotives, replace diesel TRUs with electric TRUs and install electric TRU infrastructure. The District has received all of its last allocations of Proposition 1B funding. To date, the District has funded over \$172 million in projects and reduced over 21,600 tons of emissions with a cost effectiveness of \$8,190 per ton through the Proposition 1B Goods Movement Emission Reduction Program.

Community Air Protection Program

In 2017, Assembly Bill (AB) 617 (Chapter 136, Statutes of 2017) directed the California Air Resources Board (CARB), in conjunction with local air quality management districts and air pollution control districts to establish the Community Air Protection Program. AB 617 calls for CARB and the District to actively engage with members of heavily impacted communities, follow their guidance, and address local sources of concern. Through this program, the District has utilized a considerable amount of funds on a wide variety of programs, as selected by the different AB617 designated communities. To date, the District has funded over \$96 million in projects and reduced over 7,700 tons of emissions with a cost effectiveness of \$14,083 per ton through the Community Air Protection Program.

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2. Describe any technical knowledge of engines, vehicles, equipment, and/or stationary air pollution sources that would be eligible for incentives.

Any Carl Moyer eligible equipment that operates at the port of Stockton would be eligible for the program, however the most likely equipment that would be funded would be cargo handling equipment. Cargo handling equipment consists of the following: yard trucks (hostlers), rubber-tired gantry cranes, container handlers, forklifts, and other types. District staff has detailed expertise of all the eligible equipment for this program. Staff would assess the availability and performance of zero-emission technology as an alternative to all combustion-powered cargo equipment and evaluate additional solutions that will result in further emission reductions of diesel particulate matter (PM) and oxides of nitrogen (NOx).

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3. Describe the remediation activity types and applicable CARB incentive program guidelines the fund administrator will use to recruit, evaluate, select, fund, and track incentive activities.

The District will utilize existing state incentive program guidelines to administer the Remediation Funds. This includes the Carl Moyer Program, the Community Air Protection (CAP), the Proposition 1B Program, etc. The District will fund equipment replacement, retrofit or repower projects consistent with these established guidelines. The District will utilize established program resources including Grants Management software, databases, and accounting software to evaluate, select, fund and track incentive activities and report incentive activities back to CARB, as required.

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4. Demonstrate any capacity to administer the fund, including: personnel resources; operating budgets; accounting and legal support; activity tracking, emission reduction quantification, reporting mechanisms, and outreach experience.

Personnel Resources

Based on a history of operating highly successful and efficient grants programs, the District is well-positioned to administer the proposed program and requested funds. The District has proactively increased staff for grant programs, as well as for finance, information technology services, and compliance to be able to handle any anticipated increased workload. The District Governing Board has committed to adding staffing resources to the development, implementation, and ongoing administration of grant programs when necessary to accommodate increased program capacity.

District staff assigned to the development, implementation, and administration of this or any grant program represent many years of experience in the environmental sciences and/or grant administration fields. In addition to an experienced management staff, the following District staff categories will provide support in the development and administration of this program

- Air Quality Specialists
- Air Quality Inspectors
- Accounting Technicians & Accountants
- Information Technology Programmers & Analysts

District staff prides themselves in excellent customer service and have made a point, over the years, to create and maintain strong working relationships with grant recipients, equipment dealers, industry groups and state and federal agencies. These relationships have provided valuable sources for networking, information requests, and support for the incentive programs provided by the District. The District provides ongoing opportunities for staff to participate in state sponsored continuing education classes in the areas of air quality management, ensuring the staff is knowledgeable in the most current technology and emission reduction strategies. Based on a history of operating highly successful and efficient grants programs, the District is well-positioned to administer the proposed program and requested funds. The District has proactively increased staff for grant programs, as well as for finance, information technology services, and compliance to be able to handle any anticipated increased workload. The District Governing Board has committed to adding staffing resources to the development, implementation and ongoing administration of grant programs when necessary to accommodate increased program capacity.

Non-operating (Incentive Program) Budget

For the fiscal year 21-22, the District adopted \$519 million in emission reduction incentive grants.

Accounting and Legal Support

General fiscal practices and procedures are performed by the District's Administrative Services Department Finance section. The Accountants maintain individual grant contract files containing copies of the grant contract, any amendments, and relevant correspondence regarding the grant/contract, reports of expenditures or billings with supporting documentation as well as required periodic reports. The District's Legal Counsel reviews all contract documents for legal form and content.

Activity Tracking & Reporting Mechanisms

The District will utilize its existing grant management database, financial database and annual usage report process for tracking, measuring and reporting the program's progress towards achieving the above mentioned outcomes. These databases allow for the District to run regular reports on all information such as, but not limited to, fleet description, sub-awards granted, sub-awards paid, sub-grantee contracts, and emissions reduction. These reports will help to ensure that the actual outcomes are realized and properly reported to EPA. Participant will be contracted for a specific number of hours of operation to ensure the reported reductions are met. To ensure the projected reductions have been achieved, emissions will be tracked by reports that are submitted annually for ten years by the participant after the new tractor is put into service. Annual reports will request the participant report on the annual hours used, fuel consumed, and ownership of the tractor. The District will generate the annual report forms automatically from its comprehensive database and mail them at the appropriate times.

The District will report quarterly to the EPA regarding the progress of the program. The first two quarters reported will document the progress of the document development and the RFP release. The third and subsequent quarter progress report will detail the number of tractors replaced and the estimated emission reductions that will occur. Expenditure of the grant, as well as reimbursement from EPA will also be reported with each quarterly report. The final report will contain a narrative on the achievements and lessons learned from the program. In addition, as a fund administrator, the District will be responsible for submitting CARB semi-annual reports covering fiscal activity and remediation activities funded.

Emission Reduction Quantification

To calculate the potential criteria pollutant and toxic air contaminant emission reductions associated with each project, staff utilizes Appendix C: Cost-Effectiveness Calculation Methodology and Appendix D: Tables for Emission Reduction and Cost-Effectiveness Calculations of the 2017 Carl Moyer Program Guidelines or other established methodologies and criteria.

Outreach experience

The District has implemented a more aggressive strategy to engage local communities in its air quality emission reduction efforts. This strategy includes but is not limited to the following: contracting community based organizations on its behalf, engaging valley businesses to find potential applicants for community clean air projects, utilizing both the District's environmental justice advisory group and the Citizen Advisory Committee, public education and outreach, providing an Online portal to offer suggestions, public workshops, and providing new funding for disadvantaged communities. This commitment to receiving feedback from the local communities will allow the District to implement new strategies, activities, and approaches that are most beneficial to the region.

Additionally, through the implementation of the Carl Moyer Program, the District has developed a strong working relationship with many of the tractor dealers, dismantlers, and farmers in the Valley. Multiple times a year District staff attends workshops and informational meetings that are held by both the agricultural industry, such as the World Ag Expo in Tulare, CA, as well as District held events, in an effort to provide the agricultural community numerous opportunities to meet and speak with District staff. The District will utilize this relationship with the industry to continue to connect with farm owners and vendors through public meetings and workshops to best determine the needs of the community. Additionally, to better assist the residents of EJ communities, a Language Line Services which provides confidential translation services via conference calling for over 150 different languages is provided to members of the community that contact the District.

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5. Describe any ability to establish a separate account, and track deposits and payments, solely for the remediation fund.

The District's internal grant administration policies and procedures are designed to ensure the District recovers all allowable expenditures of grant awards while meeting requirements. The District's finance section has the ability to accurately track revenues and expenditures for grant awards utilizing Grants Management Software and Fund Accounting Software. Disbursement funds from CARB are received and processed by the Finance section. Program administration funds and project funds are tracked separately, and Finance staff posts the funds in separate accounts by funding year and fund type. Funds received from other local air districts are tracked separately in different accounts by Finance staff. Alongside other program funds, the Finance section also tracks all interests earned from program funds and posts those interests in accounts for Incentives staff to expend. Checks are disbursed to program applicants through the Finance section. The Finance section keeps a separate set of fiscal records for each project funded by the Incentives department. Finance section records are reconciled with Grants & Incentives Department records on a routine basis to ensure fiscal program integrity and to maintain quality control with program funds.

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6. Provide a proposed timeline for recruiting and funding incentive activities, and for those activities becoming operational to reduce emissions, once remediation funds are deposited into the applicant's separate account. For efficiency, these milestones may be aligned with existing solicitations, obligation, and liquidation deadlines for other incentive programs.

Remediation funds received in any given year can be administered concurrently with other state-funded incentive programs, such as the Carl Moyer Program, which will result in liquidating funds at an expeditious rate. Once the remediation funds are received, the liquidation timeline would align with the current phase of the Carl Moyer program. For example:

Example Timeline:

Funds are received by a port, terminal or vessel operator

Within 3 months of receipt (or by June 30th of Year 0): If funds are enough to fully fund an emission reduction project, then project solicitation, identification and selection would commence. If project funds are not enough to fully fund an emission reduction project, funds would be held by the District until additional funds become available.

June 30th (Year 1): Target date for contracts to be executed

June 30th (Year 2): Target Date for new equipment to be put into service and old equipment (if applicable) to be rendered inoperable

January 1 (Year 3): Target date for fund liquidation

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7. Describe any other incentive or funding programs with which any remediation funds may be combined. In funding remediation activities, remediation funds may only be combined with funds from other incentive programs to the extent that the emissions reductions caused by the remediation fund are capable of being calculated and attributed to the remediation fund. If funds would be combined in this manner, the application shall demonstrate that the emissions reductions resulting from the remediation fund can properly be attributed to, and claimed by, the remediation fund.

The remediation funds can and may be combined with locally generated funding sources, select federal funding sources, or other eligible funding sources as allowed by the regulation.

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CERTIFICATION

I certify to the best of my knowledge that the information contained in this **application** is true and complete. I further certify that I am authorized to complete and sign this form on behalf of the proposing organization.

Name: Todd DeYoung	Title: Director of Grants and Incentives
Signature: Todd DeYoung <small>Digitally signed by Todd DeYoung DN: c=LOCAL, o=SMARCD, ou=User Accounts, cn=Todd DeYoung, email=Todd.DeYoung@valleyair.org Date: 2022.09.28 11:52:32 -0700</small>	Telephone Number: (559) 230-5800
Email: todd.deyoung@valleyair.org	Date: 09/27/2022