Community Air Protection Incentives Program Guidelines

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Community Air Protection Incentives

Guidelines

Contents

Chapter 1: Program Overview and Background 1-1

A. Introduction 1-1

B. Legislative and Program History 1-2

C. Assembly Bill 617 and the Community Air Protection Program 1-7

D. Background on Moyer and Proposition 1B Programs 1-7

E. California Climate Investments Requirements 1-8

Chapter 2: Guiding Principles 2-1

A. Introduction 2-1

B. Reduce Emissions in AB 617 Communities 2-1

C. Benefit Communities Selected, Consistently Nominated, or Under Consideration to Participate in AB 617 2-2

D. Consider Toxic Air Contaminant, Criteria Air Pollutant, and Greenhouse Gas Reduction Benefits 2-3

E. Engage Communities, Provide Support, and Foster Active and Effective Partnerships 2-4

F. Emissions Reductions Must be Excess to Laws or Regulations 2-5

G. Prioritize Zero-Emission Technology and Infrastructure 2-5

H. Consider Special Projects to Protect Sensitive Receptors 2-6

I. Ensure Transparency in Project Selection and Reporting 2-6

J. Consider Both Cost-Effectiveness and Relative Exposure Reduction in Funding Decisions 2-7

Chapter 3: Program Administration 3-1

A. Introduction 3-1

B. Air District Grant Awards 3-1

C. Fund Disbursement – Advance Payment 3-8

D. Redirection of Funds – Air District to Air District 3-11

E. Air District Administration Funds 3-13

F. Accounting Principles....3-16
G. Co-Funding Community Air Protection Incentives Projects....3-19
H. Yearly Report....3-22
I. Yearly Progress Tracking....3-25
J. Funding Year Liquidation....3-27
K. Return and Reallocation of Funds....3-28
L. Program Nonperformance....3-29
M. Incentives Program Review and Desk Reviews....3-32
N. Requirements for Project Applications....3-34
O. Application Evaluation and Project Selection....3-35
P. CAP Incentives for Moyer Case-by-Case Approved Projects....3-38
Q. CAP Incentives Determination Request Process....3-39
R. Minimum Contract Requirements....3-40
S. Project Inspections....3-47
T. Project Pre-Inspection....3-48
U. Project Post-Inspection....3-51
V. Project Invoice and Payment....3-54
W. Air District Grantee Annual Reporting....3-58
X. Air District Audit of Projects....3-60
Y. Nonperforming Projects....3-60

Chapter 4: Hexavalent Chromium Electroplating and Chromic Acid Anodizing Facilities....4-1

A. Introduction....4-1
B. Current Requirements....4-2
C. Projects Eligible for Funding - CAP Incentives....4-4
D. Eligible Participants - CAP Incentives....4-5
E. Participant Requirements - CAP Incentives....4-5

F. Project Life - CAP Incentives 4-6
G. Maximum Eligible Funding Amounts - CAP Incentives 4-7
H. Eligible Costs – CAP Incentives 4-7
I. Ineligible Costs - CAP Incentives 4-8
J. Project Eligibility Criteria - CAP Incentives 4-9
K. Post-Installation Inspection Requirements - CAP Incentives 4-10
L. Air District Requirements - CAP Incentives 4-11
M. Projects Eligible for Funding - Hex Chrome Funding 4-12
N. Eligible Participants - Hex Chrome Funding 4-12
O. Participant Requirements - Hex Chrome Funding 4-13
P. Project Life - Hex Chrome Funding 4-14
Q. Maximum Eligible Funding Amounts - Hex Chrome Funding 4-14
R. Eligible Costs - Hex Chrome Funding 4-15
S. Ineligible Costs – Hex Chrome Funding 4-16
T. Project Eligibility Criteria - Hex Chrome Funding 4-17
U. Post-Installation Inspection Requirements - Hex Chrome Funding 4-18
V. Air District Requirements - Hex Chrome Funding 4-19

Chapter 5: Sensitive Receptors 5-1

A. Introduction 5-1
B. General Applicant and Project Requirements 5-1
C. School Composite Wood Products 5-3
D. Air Filtration Systems 5-6
E. Community Flag Programs 5-12
F. School Transportation Projects 5-15

Chapter 6: Community-Identified Projects 6-1

A. Introduction 6-1
B. Evaluation Process 6-2

C. General Criteria 6-3
D. Project Identification 6-4
E. Community Support 6-5
F. Participant Requirements 6-5
G. Funding Amounts 6-6
H. Project Selection 6-7
I. Reporting Requirements 6-7
J. Quantification of Emissions Reductions 6-7
K. Qualitative Benefits 6-8
L. Modifying Existing Approved Project Plans 6-9

Chapter 7: Stationary Source Projects 7-1

A. Introduction 7-1
B. Evaluation Process 7-1
C. General Criteria 7-3
D. Project Identification 7-3
E. Community Support 7-4
F. Participant Requirements 7-4
G. Funding Amounts 7-5
H. Project Selection 7-6
I. Reporting Requirements 7-6
J. Quantification of Emissions Reductions 7-6
K. Qualitative Benefits 7-7
L. Inspection Requirements 7-8
M. Engine or Equipment Destruction Requirements 7-8
N. Modifying Existing Approved Project Plans 7-9

Chapter 8: Local Agency Partnership Projects 8-1

A. Introduction 8-1

B. Related Approved Air District Project Plans 8-1
C. Projects Eligible for Funding 8-1
D. Eligible Participants 8-2
E. Participant Requirements 8-2
F. Project Life 8-2
G. Maximum Eligible Funding Amounts 8-3
H. Eligible Costs 8-3
I. Ineligible Costs 8-3
J. Project Eligibility Criteria 8-4
K. Post Inspection 8-4
L. Air District Requirements 8-4
M. Reporting Requirements 8-5
N. Emission Reductions and Quantification Methodology 8-5

Chapter 9: Dial-a-Ride Vehicle Replacement Projects 9-1

A. Introduction 9-1
B. Related Approved Air District Project Plans 9-1
C. Projects Eligible for Funding 9-1
D. Eligible Participants 9-2
E. Participant Requirements 9-2
F. Dismantling Requirements 9-3
G. Project Life 9-3
H. Maximum Eligible Funding Amount 9-3
I. Eligible Costs 9-3
J. Ineligible Costs 9-4
K. Project Eligibility Criteria 9-4
L. Post Inspection 9-5
M. Air District Requirements 9-5

N. Reporting Requirements 9-7
O. Emissions Reductions and Quantification Methodology 9-7

Chapter 10: Community Greening and Vegetative Barriers .. 10-1

A. Introduction 10-1
B. Related Approved Air District Project Plans 10-1
C. Projects Eligible for Funding 10-1
D. Eligible Participants 10-2
E. Participant Requirements 10-2
F. Project Life 10-4
G. Maximum Eligible Funding Amounts 10-4
H. Eligible Costs 10-5
I. Ineligible Costs 10-5
J. Project Eligibility Criteria 10-5
K. Post Inspection 10-7
L. Air District Requirements 10-7
M. Applicant Requirements 10-8
N. Reporting Requirements 10-10
O. Emissions Reductions and Quantification Methodology 10-10

Chapter 11: Emergency Stationary Diesel Generator Replacement Projects 11-1

A. Introduction 11-1
B. Related Approved Air District Project Plans 11-1
C. Projects Eligible for Funding 11-1
D. Eligible Participants 11-1
E. Participant Requirements 11-1

F. Dismantling Requirements 11-2
G. Project Life 11-3
H. Maximum Eligible Funding Amounts 11-3
I. Eligible Costs 11-3
J. Ineligible costs 11-4
K. Project Eligibility Criteria 11-4
L. Project Selection and Ranking 11-5
M. Pre- and Post-Inspection 11-6
N. Air District Requirements 11-6
O. Reporting Requirements 11-6
P. Emission Reductions and Quantification Methodology 11-7

Chapter 12: Paving, Sidewalk, and Bike Path Projects 12-1

A. Introduction 12-1
B. Related Approved Air District Project Plans 12-1
C. Projects Eligible for Funding 12-1
D. Eligible Participants 12-2
E. Participant Requirements 12-2
F. Project Life 12-3
G. Maximum Eligible Funding Amounts 12-3
H. Eligible Costs 12-3
I. Ineligible Costs 12-3
J. Project Eligibility Criteria 12-4
K. Post-inspection 12-4
L. Air District Requirements 12-4
M. Emission Reductions and Quantification Methodology 12-5

Chapter 13: Alternatives to Agricultural Open Burning 13-1

A. Introduction 13-1

B. Related Approved Air District Project Plans 13-1
C. Projects Eligible for Funding 13-1
D. Eligible Participants 13-2
E. Participant Requirements 13-2
F. Project Life 13-4
G. Maximum Eligible Funding Amounts 13-4
H. Eligible Costs 13-6
I. Ineligible Costs 13-6
J. Project Eligibility Criteria 13-7
K. Project Selection and Ranking 13-8
L. Pre- and Post-Inspection 13-8
M. Air District Requirements 13-8
N. Reporting Requirements 13-9
O. Emission Reductions and Quantification Methodology 13-9

Chapter 14: Low Dust Nut Harvester Replacement Projects . 14-1

A. Introduction 14-1
B. Related Approved Air District Project Plans 14-1
C. Projects Eligible for Funding 14-1
D. Eligible Participants 14-2
E. Participant Requirements 14-2
F. Dismantling Requirements 14-4
G. Project Life 14-4
H. Maximum Eligible Funding Amount 14-4
I. Eligible Costs 14-4
J. Ineligible Costs 14-5
K. Project Eligibility Criteria 14-5
L. Project Selection and Ranking 14-7

M. Pre- and Post-Inspection 14-7
N. Air District Requirements 14-7
O. Reporting Requirements 14-7
P. Emission Reductions and Quantification Methodology 14-8

Chapter 15: Woodsmoke Reduction Projects 15-1

A. Introduction 15-1
B. Related Approved Air District Project Plans 15-1
C. Projects Eligible for Funding 15-2
D. Eligible Applicants 15-3
E. Applicant Requirements 15-4
F. Project Life 15-7
G. Maximum Eligible Funding Amounts 15-7
H. Eligible Costs 15-10
I. Ineligible Costs 15-11
J. Project Eligibility Criteria 15-11
K. Air District Requirements 15-15
L. Participating Installer and Contractor Requirements 15-19
M. Reporting Requirements 15-20
N. Project Benefits and GHG Emission Reduction Calculation Methodology 15-20

Appendix A: Community Air Protection Funds Moyer Guideline Supplement A-1

A. Introduction A-1
B. Guideline Modifications to Reduce the Cost of Participation in the Program A-2
C. Guideline Modifications to Clarify Eligibility Requirements and Provide a Larger Funding Share for Transport Refrigeration Units A-17
D. Guideline Modifications to Clarify Necessary Changes to Cost-Effectiveness Calculation Methodology for Community Air Protection Incentives Projects A-17

Appendix B: Community Air Protection Funds Supplement to the Proposition 1B Goods Movement Emission Reduction Program B-1

A. Introduction B-1

B. Guideline Modification to Ensure Approved Proposition 1B Program Locomotive Projects are not Eligible to Receive Community Air Protection Incentives B-1

C. Proposition 1B Program Clean Truck Evaluation Guidance B-2

Appendix C: Targeting Investments to Priority Populations and Maximizing Benefits to Disadvantaged Communities and Low-Income Communities and Households C-1

Appendix D: Acronyms D-1

Appendix E: Definitions E-1

Appendix F: References F-1

CHAPTER 1: PROGRAM OVERVIEW AND BACKGROUND

A. Introduction

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

To support AB 617, the California Legislature (Legislature) has regularly appropriated funding, primarily from the Greenhouse Gas Reduction Fund (GGRF), for incentives to address localized air pollution in the most impacted communities. Since fiscal years 2017-18, the Legislature has appropriated CARB a total of approximately $1.4 billion to the Community Air Protection Incentives Program (CAP Incentives Program or Program) as of 2024, to be administered by air districts in partnership with local communities.

Per legislative direction included alongside the appropriations and in the California Health & Safety Code (H&SC) Section 44391.4,[2] eligible projects include:

- Mobile source projects through either the Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer Program) or the Proposition 1B

[1] Assem. Bill No. 617 (2017-2018 Reg. Sess.). https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB617.

[2] Health and Saf. Code § 44391.4. https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=HSC&sectionNum=44391.4.

Goods Movement Emission Reduction Program (Proposition 1B Program), with a focus on zero-emission equipment.

- Zero-emission charging infrastructure projects with a focus on medium- and heavy-duty vehicle infrastructure.
- New incentives to reduce emissions of TAC or criteria air pollutants from stationary sources of pollution not subject to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation, Title 17, CCR, Sections 95801-96022 (Cap-and-Trade Program).
- New incentives for community-identified projects developed by an air district consistent with the actions identified in the applicable Community Emissions Reduction Program (CERP) pursuant to AB 617, provided there is community input through a public process.

These *Community Air Protection Incentives Program Guidelines* (CAP Incentives Guidelines, or Guidelines) contain guiding principles, program administration requirements, and eligibility criteria for the wide variety of new and updated incentives categories that are available for use in the Program.

B. Legislative and Program History

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

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

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

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

   Alongside the initial appropriation of incentives to support AB 617 in 2017, the Legislature directed that CARB allocate the funds to the air districts – specifying 95% of funds would go to the three largest air districts with the largest disadvantaged community population

[3] Assem. Bill No. 134 (2017-2018 Reg. Sess.). https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB134.
[4] Sen. Bill No. 856 (2017-2018 Reg Sess.). https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB856.
[5] Assem. Bill No. 74 (2019-2020 Reg. Sess.). https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB74.
[6] Original appropriation of $245 million reduced due to low cap-and-trade auction proceeds in 2020.
[7] Sen. Bill No. 170 (2021-2022 Reg Sess.). https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB170.
[8] Assem. Bill No. 179 (2021-2022 Reg. Sess.). https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB179.
[9] Assem. Bill No. 102 (2023-2024 Reg Sess.). https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202320240AB102.

throughout the State – to spend on incentives and provide immediate air quality benefits in priority populations while other facets of AB 617 were implemented.

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

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

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

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

[10] California Air Resources Board. (2018). *Community Air Protection Funds Supplement to the Carl Moyer Memorial Air Quality Standards Attainment Program 2017 Guidelines: Resolution 18-15*. https://ww2.arb.ca.gov/sites/default/files/barcu/board/res/2018/res18-15.pdf.

consistent with actions identified in the applicable CERP pursuant to AB 617.

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

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

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

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

   Following Board approval of the CAP Incentives Guidelines and using the authority the Board delegated in Resolution 19-12 to CARB's Executive Officer to approve Guideline revisions, staff developed a new chapter that provided a pathway for air districts to expeditiously

[11] California Air Resources Board. (2018). *Community Air Protection Blueprint 1.0*. https://ww2.arb.ca.gov/sites/default/files/2020-10/Blueprint_Complete_Oct2018.pdf.
[12] California Air Resources Board. (2019). *Community Air Protection Incentives 2019 Guidelines: Resolution 19-12*. https://www.arb.ca.gov/board/res/2019/res19-12.pdf.
[13] Sen. Bill No. 85 (2019-2020 Reg. Sess.).

develop Project Plans to either reduce emissions from or exposure to stationary sources statewide or to address strategies identified in AB 617 community emissions reduction programs. This framework for community-identified projects and stationary source projects is contained in Chapters 6 and 7 of these Guidelines, respectively.

5. 2024 Guideline Revisions and Expansion.

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

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

C. Assembly Bill 617 and the Community Air Protection Program

The Legislature created AB 617 directed CARB to establish the Community Air Protection Program to address the disproportionate burdens faced by the most heavily impacted communities across the State. The Community Air Protection Program requires community-focused and community-driven action to properly address the air quality issues in impacted communities through various elements:

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

CAP incentives support AB 617's broader effort by providing immediate air quality benefits to impacted communities and providing a pathway for air districts to use incentives to address relevant strategies and actions laid out in their CERP. Additionally, the new and updated chapters and stationary source project categories are now available for use statewide through the CAP Incentives Guidelines and can be leveraged by consistently nominated communities[14] that have not been selected.

D. Background on Moyer and Proposition 1B Programs

The Moyer Program is a grant program that funds vehicles and equipment to complement California's regulatory program by providing incentive funds to obtain early or extra emissions reductions. Moyer Program incentives encourage customers to purchase cleaner technologies and stimulate the marketplace to manufacture these technologies. The Moyer Program is a partnership between CARB and local air districts.

Proposition 1B was approved by voters in 2006 and authorized $1 billion in bond funding to CARB to reduce air pollution emissions and health risk from

[14] California Air Resources Board. (2023). *Community Air Protection Program Consistently Nominated AB 617 Communities List.* https://ww2.arb.ca.gov/sites/default/files/2023-10/2023 08 Consistently Nominated Communities_10.16.2023.pdf.

freight movement along California's priority trade corridors. These corridors consist of Los Angeles/Inland Empire, the Central Valley, the Bay Area, and the San Diego/U.S. Mexico border area. Like the Moyer Program, the Proposition 1B Program is a partnership between CARB and local agencies (air districts and ports).

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

E. California Climate Investments Requirements

Funding for the Community Air Protection Program is primarily appropriated from the GGRF and must be spent according to the requirements of California Climate Investments, the statewide initiative that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas (GHG) emissions, strengthening the economy, and improving public health and the environment – particularly in priority populations. These requirements are set forth in the *Funding Guidelines for Agencies that Administer California Climate Investments* (CCI Funding Guidelines).[15]

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

State law[16] requires that at least 25% of California Climate Investments be allocated to projects located within and benefiting individuals living in disadvantaged communities, and that at least an additional 10 % go to projects

[15] California Air Resources Board. (2024). *Funding Guidelines for Agencies that Administer California Climate Investments.* https://ww2.arb.ca.gov/resources/documents/funding-guidelines-agencies-administer-california-climate-investments.

[16] Health and Safety Code section 39713(a)

located within and benefiting low-income households or individuals living in low-income communities[17]. For CAP Incentives, CARB required in Board Resolution 19-12 that at least 80% of each year's funds must be invested in and specifically benefiting these priority populations, with at least 70% spent in and benefiting disadvantaged communities.

[17] Health and Safety Code section 39713(b) and section 39713(c)

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CHAPTER 2: GUIDING PRINCIPLES

A. Introduction

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

B. Reduce Emissions in AB 617 Communities

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

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

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

[20] Health and Saf. Code § 39711.

air districts must use CAP Incentives to reduce emissions consistent with a CERP, where area-wide sources may also be considered. Ideally, incentives will be used in support of and in conjunction with planning policies to improve mobility and land use to reduce exposure and proximity issues in heavily impacted communities (Blueprint 2.0 H&SC Section 44391.4; CCI Funding Guidelines AB 1550).

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

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

Air districts will prioritize CAP Incentives in communities selected by the Board for the development and implementation of a CERP or Community Air Monitoring Plan (CAMP) in accordance with AB 617, particularly through Project Plans developed per Chapters 6 and 7 of these Guidelines where necessary and in accordance with community guidance. Air districts will also focus on communities that have been consistently nominated since 2018 and those currently being considered for future selection. CARB has released a list of these consistently nominated communities (H&SC Section 44391.4;

[21] Sen. Bill. No. 535 (2011-2012 Reg. Sess.). https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201120120SB535.

Community Air Protection Program 2018 Community Recommendations Staff Report; Blueprint 2.0).

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

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

Air districts must focus CAP Incentives on projects that reduce particulate matter (PM) with a diameter less than 2.5 micrometers (PM 2.5) and community-specific TAC emissions, especially where needed, to support a CERP. In addition to reducing TAC and PM 2.5 emissions, projects using CAP Incentives may deliver reductions in other air pollutants including GHG and ozone precursor emissions (Blueprint 2.0; H&SC Section 44391.4).

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

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

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

Community outreach and support as well as building lasting partnerships with community-based organizations and other community members are vital to the success of the Community Air Protection Program. As part of their public processes, air districts and CARB will seek to develop equity-centered processes and establish meaningful partnerships with participating community members, community-based organizations, local environmental groups, and members of indigenous tribes, with the intent of fostering a shared sense of ownership and investment in the process. Such partnerships will strengthen outreach efforts, ensure projects are directed according to community priorities, and allow local resources to be more effectively leveraged using the very social fabric of the community itself. Equity-centered processes are those that consider all marginalized groups; considerations include engaging with such groups early and often throughout any public processes, making proper accommodations to ensure active participation from members of such groups, and ensuring project implementation focuses on such groups through provisions like higher project selection priority based on income levels, streamlining or removing barriers in the application process, and other process considerations (H&SC Section 44391.4; Blueprint 2.0).

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

F. Emissions Reductions Must be Excess to Laws or Regulations

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

Rationale for Principle: H&SC Section 44391.4 requires that projects selected deliver emission reductions that would not otherwise occur through regulations or other legal mandates. Per the H&SC, projects must deliver emission reductions that "complement and further the rules and regulations that the State Air Resources Board and air districts have established or are in the process of developing to reduce or mitigate emissions from mobile and stationary sources" as they implement AB 617. Regulatory actions called for or pointed out in the Blueprint 2.0 may provide further opportunities for the development and use of new incentives.

G. Prioritize Zero-Emission Technology and Infrastructure

Where feasible and supported by communities, air districts will focus on funding zero-emission technologies, including zero-emission charging infrastructure that supports medium- and heavy-duty vehicles (Blueprint 2.0, Appendix C-18, Board Resolution 18-15; H&SC Section 44391.4; *Governor's 2018 ZEV Action Plan Priorities Update).*[22]

Rationale for Principle: The Moyer Guidelines include as an eligible source category charging stations for zero-emission vehicles. H&SC Section 44391.4 places particular emphasis on funding charging stations for medium- and

[22] Office of Governor Edmund G. Brown Jr. (2018). *Governor's 2018 ZEV Action Plan Priorities Update.* https://business.ca.gov/wp-content/uploads/2019/12/2018-ZEV-Action-Plan-Priorities-Update.pdf.

heavy-duty vehicles. This aligns with support voiced at CAP Incentives workshops in 2018 for reduced emissions from truck travel near and within overburdened communities, as well as the policy objectives specified in the Governor's 2018 *ZEV Action Plan Priorities Update*. Where supported by community organizations and Community Steering Committees, air districts should use CAP Incentives for charging infrastructure projects at distribution centers and other indirect sources for medium- and heavy-duty truck travel.

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

H. Consider Special Projects to Protect Sensitive Receptors

Air districts will consider special projects that contribute to proximity-based goals to protect health at sensitive receptors. These may include land use, health-protective mitigation measures, and transportation and design strategies in consultation with communities and CARB (Blueprint 2.0).

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

I. Ensure Transparency in Project Selection and Reporting

Air districts will maintain their AB 617 and community-specific websites with current information about CAP Incentives availability and the process for selection of projects. Air districts will notify affected communities and allow opportunity for comment prior to making funding decisions. Air districts will report to CARB semi-annually on their projects with executed contracts. CARB's GHG emissions reduction quantification methodologies, qualitative

benefit assessment methodologies, priority population benefit criteria tables, and reporting templates will be used to track and report project benefits. Where projects and programs are included in or respond to strategies in a CERP, air districts will include information on funds distributed, equipment deployed, and emissions reduced in the Community Air Protection Program's annual status updates. CARB will seek to reconcile information submitted in these annual updates with the specific project-level information that air districts must submit to CARB for CAP Incentives. To encourage power sharing with impacted communities, air districts and CARB will also provide training and educational tools to participating community members such as CARB's *Community Air Protection Incentives Orientation Tool,*[23] to build capacity to meaningfully participate in and direct funding decisions according to their identified priorities (Blueprint 2.0; CCI Funding Guidelines).

Rationale for Principle: Accountability and transparency are essential to the success of both AB 617 and California Climate Investments. The information is used to demonstrate how California is achieving multiple statutory objectives, and achieving those objectives with public funds is a matter of public trust. Regarding reporting benefits and outcomes of CERP strategies, Goal 5 in Part One of the Blueprint 2.0 reiterates CARB's commitment to track and ensure completion of all strategies included in each approved CERP, particularly for those communities initially selected to participate in 2018, and project-level data for CAP Incentives will feed into the overall assessment. Regarding providing training and educational tools to participating community members, Goal 8 in Part One of the Blueprint 2.0 calls on both CARB and air districts to make such tools available and accessible to communities.

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

As part of the assessment of incentive strategies for their CERP, air districts will consider the relative cost-effectiveness for all potential projects, including those that fall under H&SC Section 44391.4. Mobile source strategies outside of those contained in the CAP Incentives Guidelines will meet Moyer Program or Proposition 1B Program cost-effectiveness requirements as applicable. Stationary source project funding should also be directed towards the most

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

cost-effective stationary source projects. Air districts will document their cost-effectiveness methodologies and calculations, especially where choices must be made about where to focus funds relative to the exposures to different pollutants. Decisions to include less cost-effective projects in a CERP must consider the support of the Community Steering Committee, community-based organizations, and community members, but these Community Steering Committees, organizations, and members must be informed of relative risk when comparing strategies that address different sources and different pollutants (Blueprint 2.0; AB 617).

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

CHAPTER 3: PROGRAM ADMINISTRATION

A. Introduction

This chapter describes administrative requirements that CARB, air districts, and interested parties must follow to ensure that projects funded with CAP Incentives reduce TAC and criteria air pollutant emissions in communities that bear the greatest burdens from air pollution, as well as other applicable requirements for California Climate Investments, with full public accountability and transparency. Air districts may use CAP Incentives to fund mobile and stationary source projects and other projects and programs specified in an approved CERP. The administrative requirements in this chapter apply to all CAP Incentives projects, including projects implemented using the various source category chapters in the Moyer Guidelines as outlined in Appendix A, as well as projects implemented using Project Plans developed by air districts following the criteria in Chapters 6 or 7 of these guidelines.

In cases where the requirements in subsequent chapters of these Guidelines conflict with requirements in this chapter, the requirements in the subsequent chapter take precedence. In cases where the requirements of a CAP Incentives funded project conflict with requirements specified in this chapter (beyond additional direction for that project category laid out in Appendix A), the district must submit a determination request for clarification as outlined in Section Q of this chapter. An air district may choose to require more stringent administrative procedures in implementing its local program.

B. Air District Grant Awards

1. **Tentative Annual Timeline of Budget Appropriations.** The Legislature will include any appropriation of CAP Incentives in each year's State Budget. As such, the exact timeline for allocations, grants, and disbursements will depend on the Legislative direction given alongside each appropriation, and when the Governor signs that year's State Budget. Table 3-1, below, outlines the tentative annual schedule; specific dates for completion of disbursement and liquidation of grants will be noted in each air district's Grant Agreement. CARB, in its sole discretion, may consider a request from an air district to extend the liquidation deadline. Air districts requesting such extensions must

provide any and all information requested by CARB related to the request and must comply with all applicable terms in the Grant Agreement or amendment thereto.

Table 3-1: CAP Incentives Tentative Annual Timeline

Estimated Timeframe[24]	**Action**
Third quarter of initial calendar year	Governor approves State Budget, CARB shares potential allocations with CAPCOA
Fourth quarter of initial calendar year	CARB and CAPCOA collaborate on final allocations, CAPCOA sends final allocation proposal to CARB
First quarter of second calendar year	CARB develops grant agreements and sends to air districts for APCO signature
June 30 of second calendar year	Target date for CARB to execute contracts
June 30 of third calendar year	Target deadline by which all funds must be disbursed to air districts
June 30 of eighth calendar year	Target deadline by which air districts must liquidate all funds

2. **Grant Award Allocations.** CARB's method of determining allocation amounts for air districts may vary from year to year, depending on direction from the Legislature in the State Budget or as part of implementing the Community Air Protection Program. CARB staff developed the following principles to guide the allocation of new appropriations of funds. With each new appropriation of CAP Incentives, CARB staff will consult with the California Air Pollution Control Officer's

[24] Allocations finalized prior to publishing these revised Guidelines on May 2, 2025, will follow the disbursement and liquidation deadlines contained in the General Terms and Conditions of the relevant Grant Agreement. Note that specific deadlines relative to the tentative ranges given in this table will be included in all subsequent Grant Agreements.

Association (CAPCOA), and will jointly use these principles to determine allocations for each air district.

(A) Consider the precedent set by the Legislature with their specified allocation of funds in fiscal year 2017-18, in which most of the funds were allocated to the three largest air districts. The three largest air districts have over 90% of disadvantaged community populations in California.

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

(C) Consider the needs of other communities that CARB is considering for selection in future years, per H&SC Section 44301.4. Under the Blueprint 2.0, this includes all disadvantaged communities as well as specific areas nominated by air districts.

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

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

   (A) A typed name.

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

   (C) Digital signature.

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

4. **Conditional Grant Agreement Approval.** CARB may elect to approve a Grant Agreement that is missing a particular item and make the submittal of that item a Special Term and Condition of the Grant Agreement. For example, air district staff may be unable to obtain a board resolution or a board minute order by the June 30 target date. In such a case, CARB may allow a board resolution or minute order to be submitted prior to the air district's initial disbursement request, and processing of disbursements for that grant will be contingent on receipt of the missing item.

5. **Policies and Procedures.** Air districts participating in CAP Incentives must maintain a *CAP Incentives Policies and Procedures Manual* (Policies and Procedures) to be eligible for continued funding. Due to the overlap with the *Moyer Program Policies and Procedures Manual*, air districts may choose to structure their Policies and Procedures as an addendum to their *Moyer Program Policies and Procedures Manual*. This addendum will specifically address only those items unique to CAP Incentives, including the items noted in Section O of this chapter. For air districts receiving an allocation of CAP Incentives for the first time, they must have a completed Policies and Procedures prior to requesting an initial disbursement of funds. The manual will focus on the air district's local implementation of the CAP Incentives Guidelines, including roles and responsibilities within the air district and local application of program requirements. Air district staff will review the manual at least once a year, update it in the interim when a change in policy or procedure has occurred, and make it available when requested by CARB staff or a member of the public, including but not limited to Program Review or desk file review requests. The manual will include at least the following elements, and further elements where noted in the subsequent chapters of these Guidelines:

   (A) Roles and responsibilities within the air district for program implementation, including staff or positions responsible for:

      (1) Community engagement.

(2) Evaluation, selection, and inspection of projects, including in-person and virtual project inspections.

(3) Tracking funding and earned interest.

(4) Obtaining governing board approval for program participation and projects to be funded.

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

(1) Administrative tools for managing projects outlined in the source category chapter, such as templates and required documentation; for example, on-road projects implemented per the Moyer Guidelines (and as outlined in Appendix A of these Guidelines) should include sample memoranda of understanding or agreements with vehicle dealerships, sellers, service providers, dismantlers, and air district-authorized third parties (as applicable).

(2) Air district methods or procedures that differ from these Guidelines with CARB's approval.

(C) Procedures for project selection including cost-effectiveness or other criteria applied to rank projects, or how public input and guidance will be considered in project selection, including:

(1) Selection process following receipt of applications:

a. First-come first-served.

b. Competitive ranking following a solicitation period.

c. Other criteria applied to select projects, described in detail.

d. Note that, regardless of project selection criteria, air districts must specify in their Policies and Procedures how they will factor priorities identified by community members into their selection processes.

(2) Ranking criteria (if applicable to the source category) based on:

a. Cost-effectiveness.

b. Prioritization of AB 617 selected communities, consistently nominated communities, and priority populations such as disadvantaged and low-income communities or households.

c. Other criteria applied to rank projects.

(3) Any procedures that vary by source category.

(D) For projects implemented per the source category chapters in these Guidelines (i.e., non-Moyer projects):

(1) Procedures for quantifying emission reductions, exposure reductions, and any other quantifiable benefits, as laid out in each source category chapter of these Guidelines.

(2) Procedures to note qualitative benefits and other co-benefits not directly associated with emission or exposure reductions.

(3) CARB may publish standalone supplemental guidance on the CARB CAP Incentives webpage on how to quantify or otherwise notate project benefits; air districts may use such guidance and may incorporate such guidance into their Policies and Procedures.

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

(F) Project selection procedures that ensure funding priority for projects that will reduce air pollution in AB 617 selected communities, consistently nominated communities, and priority populations, including disadvantaged and low-income communities or households.

(G) The method for calculating interest earned on CAP Incentives monies held by the air district.

(H) Methodologies for calculating and recording direct and indirect administrative costs as defined in Section E: *Air District Administration Funds*.

(I) Procedures for grantees to submit program invoices and receive payment, including itemization required to limit reimbursement

to eligible costs, conditions for progress or partial payment, and practices for withheld payments pending grantee reporting.

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

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

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

(M) The types of acceptable documentation for establishing historical annual usage, and procedures for considering and granting usage waiver requests, including supporting information to be provided by the grantee.

(N) Procedures for working with nonperforming grantees to gain full compliance with contracts and program requirements, and methods for addressing nonperformance.

(O) Procedures for when a grantee's project contract or project file would require an amendment or memo describing the project change.

(P) Any air district program requirements that are more stringent than those specified in the CAP Incentives or Moyer Guidelines, Incentive Program Implementation (IPI) or other official correspondence.

(Q) Any CARB approvals of air district program elements that vary from those required by the CAP Incentives or Moyer Guidelines (e.g., methods of ensuring engine or equipment destruction that vary from those specified in the source category chapters).

(R) Description of electronic and hard copy recordkeeping system, including methods the air district will use to store and retrieve digital photographs documenting project inspections along with associated project-specific information.

(S) Procedures to be used to support the requirements specified in CCI Funding Guidelines Section II.B, II.C., and III.A. (e.g., transparency in program implementation, public access to

information on program activities and outcomes, outreach to priority populations, and public notification of projects both proposed and selected. Examples of public notification include posting proposed CAP Incentives projects on a designated air district webpage).

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

C. Fund Disbursement – Advance Payment

1. **Procedure.** Consistent with H&SC section 39603.1,[25] to expeditiously disburse grants, CARB has the discretion to provide advance payments of CAP Incentives in a timely manner to support program initiation and implementation with a focus on mitigating the constraints of modest reserves and potential cash flow problems.

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

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

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

[25] Health and Saf. Code § 39603.1.

(C) The request for application or the request for proposals contains the terms and conditions under which an advance payment may be received consistent with this section.

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

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

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

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

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

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

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

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

(E) In the event of the nonperformance of the air district, including but not limited to failure to request disbursement by the disbursement deadline in the grant agreement, CARB shall require the full recovery of the unspent monies. The air district shall provide a money transfer confirmation within 45 days upon the receipt of a notice from CARB.

(F) The air district must complete and submit to CARB for review and approval, an *Advance Payment Request Form*, along with each grant disbursement that is requesting advance payment. The *Advance Payment Request Form* shall be provided by CARB to the air district after the grant execution.

(G) CARB may provide an advance of the direct project costs of the grant, if the program has moderate reserves and potential cash flow issues. Advance payments will not exceed the air district's interim cash needs.

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

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

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

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

2. **Additional Requirements.**

(A) Any Special Terms and Conditions in the Grant Agreement must be met before CARB will disburse funds associated with the grant award. Disbursement requests must be received by CARB by May 1 each year to ensure payment processing before the end of the fiscal year. Any funds not disbursed by the disbursement deadline noted in a Grant Agreement's General Terms and Conditions may not be disbursed.

(B) The preceding CAP Incentives Yearly Report must demonstrate on-time liquidation consistent with the requirements of the Grant Agreement. If not, any funds not liquidated on time have been received by CARB. CARB will not require a return of funds under executed contract. CARB may require an air district to change the funding years from which funds are assigned to projects in the statewide database to facilitate on-time liquidation.

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

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

(2) A list of projects under executed contract with invoices pending or approved by an air district governing board, or under air district staff review for eligibility and funding. The total cost of the projects listed should be greater than or equal to the amount of funds requested. The air district will indicate whether each project listed satisfies evaluation criteria for benefits to priority populations. Priority Populations Benefit Assessment Tool[26] will be used unless otherwise directed by CARB for certain project types. CARB may provide a template to facilitate compilation and review of this list.

(D) Air districts are strongly encouraged to review the grant agreement's General Terms and Conditions prior to submitting disbursement request(s), as there may be timeframes when submitting a disbursement request may result in delay of payment. For example, disbursement request(s) submitted prior to holidays may be subject to payment delay.

D. Redirection of Funds – Air District to Air District

1. **Procedure.** An air district may redirect grant funds already disbursed by CARB to another air district. CARB staff must approve all redirections. Redirection of funds to another air district may be used as a follow-up action when an air district is not meeting liquidation targets, as described in Section I.3. If an air district has not met its liquidation targets and has been approved for a redirection to remedy this, CARB staff may approve a grant agreement deadline extension to allow for more time to go to their board (if needed) and complete the below required documentation. Copies of all documents listed below will be submitted to CARB for processing by the CARB staff and update liquidation targets in the Clean Air Reporting Log (CARL) database:

[26] California Climate Investments. (2025, February). *Priority Populations Benefit Assessment Tool: Transportation and Equipment*. https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/transportation_bat.pdf.

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

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

(C) A memorandum of understanding (MOU) or equivalent signed by the APCO of the each air district. The MOU must:

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

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

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

(4) An air district receiving funds from another air district will keep a copy of the check in the program file and will be made available to CARB staff upon request.

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

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

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

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

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

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

E. Air District Administration Funds

1. **Administration Costs.** Administration costs include staff time and air district activities that support implementation of CAP Incentives, including outreach and education, research, data management, and reporting. Administrative spending must be documented in the air district's general ledger and may be subject to financial audit. Administration costs are divided into direct costs and indirect costs, as defined below. Administration costs may not exceed the following limits:

   (A) For air districts with one million or more inhabitants: total administrative costs (including both direct and indirect costs) may not exceed 12.5% of CAP Incentives grant funds.

   (B) For air districts with fewer than one million inhabitants: total administrative costs (including both direct and indirect costs) may not exceed 15% of CAP Incentives grant funds.

   (C) For all air districts regardless of size, indirect costs may not exceed 3% of CAP Incentives grant funds.

2. **Direct Costs.** Direct project costs relate to direct project labor and expenses associated with project implementation including, but not limited to, the following:

   (A) Personnel costs and payroll-related benefits as incurred in accordance with generally accepted accounting principles.[27]

   (B) Consultant contracts and invoices.

   (C) Travel expenses.

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

[27] More information available Codification section I.1800.725, I.1800.727, II.2200.715, IV.C60, IV.P90.115 located at Governmental Accounting Standards Board webpage here: https://gars.gasb.org/Home

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

(F) Outreach costs, including, but not limited to, the following kinds of outreach:

(G) Outreach to potential applicants and industry stakeholders on availability of funding, solicitations for applications, and other such activities.

(H) Outreach to impacted community members, community-based organizations, or other groups participating in the implementation of AB 617, via community steering committees or other venues.

3. **Indirect Costs.** Indirect costs are administrative costs not tied directly or solely to a project as incurred in accordance with generally accepted accounting principles,[28] and include, but are not limited to, the following:

(A) Distributed administration and general administrative services.

(B) Non-project-related contracts or subscriptions.

(C) Rent and office space, vehicle costs related to inspections, phones and telephone services, printing, or mailing services not associated with staff working on a project.

(D) Any other costs that are not directly and fully incurred to support the grant.

[28] More information available Codification section I.1800.725, I.1800.726, I.1800.727, II.2200.130, II.2200.715-3, IV.C60, IV.R30, and IV.R30.176, located at Governmental Accounting Standards Board webpage here: https://gars.gasb.org/Home

Table 3-2: Examples of Allowable Administration Costs and Documentation

Type of Cost	Examples	Required Documentation
Direct cost	Air district staff time	Personnel documentation showing actual staff time; this may include timesheets showing tasks, output of labor tracking software, or written summaries of CAP Incentives staff activities with time estimates by activity or task. Supporting documentation includes duty statements or job descriptions indicating percentages of staff time. Supporting documentation does not replace documentation showing actual staff time spent implementing the program.
Direct cost	Consultant fees	Consultant contract and invoices
Direct cost	Printing and mailing	Receipts and invoices
Direct cost	Travel expenses	Receipts and invoices. Travel cost criteria must be consistent with written air district travel policies for other air district programs, cited in the Policies and Procedures or local administrative manual.
Direct cost	Outreach to potential applicants and industry stakeholders	Invoices, receipts, or contracts for costs incurred to inform potential participants, vendors, dealers, distributors, industry organizations, and publications of grant availability, requirements, and objectives of CAP Incentives. This can include solicitation and outreach materials indicating availability of grants.
Direct cost	Outreach to impacted community members	Flyers, surveys, and other outreach materials intended to raise community awareness of CAP Incentives. Invoices, receipts, or contracts for costs incurred to host or attend events intended to spread awareness of CAP Incentives.
Note Indirect cost	Costs not tied directly or solely to the project	Non-project-related contracts or subscriptions. Invoices, receipts, or contracts for rent and office space, office supplies, phones and telephone services, printing, mailing services not associated with staff working on the project, or inspection and outreach vehicle costs.

4. **Records Retention.** Air districts will make available the documentation described above for review during CARB or other State agency

monitoring visits, reviews, and audits. Such administrative records must be retained for a minimum of five years following the funds' liquidation deadline for the grant.

5. **Mitigation for Unallowable Costs.** An air district that charges unallowable costs for program administration or outreach must substitute eligible administration and outreach expenses equal to the dollar amount found ineligible or return the funds for the unallowable cost to CARB.

F. Accounting Principles

Air districts must establish accounting practices for CAP Incentives including the requirements below.

1. **Community Air Protection Incentives Account.** CAP Incentives must be accounted for as separate funds or have separate project IDs within the air district's general ledger following Generally Accepted Accounting Principles (GAAP). An air district receiving an allocation of 1% or more of the total appropriation of CAP Incentives in a given year must use a Special Revenue Fund for CAP Incentives accounting. Other air districts may use a trust fund.

2. **Timing of Recognition in Financial Statements.** CAP Incentives grants are voluntary non-exchange transactions to the air district. As such, the air district should recognize revenues in the fiscal period when all eligibility requirements have been met and the resources are available. For reference see *Governmental Accounting Standards Board Statement 33*[29] and *Statement 34*.[30]

3. **Required Financial Statements.** Financial statements containing, at a minimum, the following account balances and transaction classes, as applicable, will be prepared at least annually.

   (A) **Balance Sheet:**

[29] Governmental Accounting Standards Board. (2025). *Status of Statement No. 33*. https://www.gasb.org/page/PageContent?pageId=/standards-and-guidance/pronouncements/status-statement-no-33.html.
[30] Governmental Accounting Standards Board. (2025). *Status of Statement No. 34*. https://www.gasb.org/page/PageContent?pageId=/standards-and-guidance/pronouncements/status-statement-no-34.html.

(1) Cash and Cash Equivalents (cash, investment pools, petty cash).

(2) CAP Incentives Revenue Receivable (grant funding from CARB).

(3) Recapture Revenue Receivable (recapture funds receivable from grant participants for unmet contractual obligations).

(4) Salvage Revenue Receivable (revenue receivable from retired equipment sold or auctioned for scrap metal).

(5) Accounts Payable (vendor invoices pending for CAP Incentives projects).

(6) Fund Balance:

a. Restricted for Air District Projects.

b. Restricted for Administration and Operating Costs.

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

(1) Revenue Subsidiary Ledgers:

a. CAP Incentives Project Revenue.

b. Administration and Operating Revenue.

c. Recapture Revenue.

d. Salvage Revenue.

e. Interest Revenue.

(2) Expenditure Subsidiary Ledgers:

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

b. Administration and Operating Expenditures including direct costs and indirect costs.

(3) Awards Returned: CAP Incentives air district money returned to CARB for reallocation.

(4) Transfers in/out.

4. **Interest Revenue.** Any interest earned on investment of CAP Incentives cash balances must be deposited in the CAP Incentives account and

used to fund eligible projects as described in these Guidelines, or to fund administration up to the portion allowed in Section E.

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

(B) When invested, CAP Incentives should receive equitable pro-rated interest earned on the total funds invested. As State funds, CAP Incentives may be invested only in accounts or instruments that reflect the risk appetite of the State. For reference, see the *Office of the State Treasurer Local Agency Investment Guidelines*.[31] Any loss from investments not made in accordance with standards set forth in California Government Codes must be covered by the air district.

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

6. **Expenditures for Community Air Protection Projects.** All project expenditures out of the CAP Incentives account must meet the requirements of the CAP Incentives Guidelines and the CCI Funding Guidelines applicable at the time of contract execution, including any revisions to those Guidelines in effect at the time of contract execution.

7. **Reporting Requirements.** No later than six months after the air district's end of fiscal year, the air district will add the following to its project files alongside its Yearly Report, in formats consistent with GAAP: financial

[31] California State Treasurer. (2025). *Local Agency Investment Guidelines*. https://www.treasurer.ca.gov/cdiac/LAIG/guideline.pdf.

statements displaying revenues and expenditures related to projects funded by CAP Incentives, in formats consistent with GAAP.

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

G. Co-Funding Community Air Protection Incentives Projects

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

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

   (A) Federal funds.

   (B) State funds.

   (C) Local funds.

   (D) Penalty funds.

   (E) Other applied funds.

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

4. **Cost-effectiveness Calculation.** When CAP Incentives are used to fund projects pursuant to the Moyer Program along with Moyer Program funds, Moyer Program match funds, and all AB 923 $2 Department of Motor Vehicles (DMV) Fees are required to be included in a project's cost-effectiveness calculation. Refer to Appendix A for more information about how to calculate cost-effectiveness for a Moyer Program project funded by CAP Incentives project. CAP Incentives used for non-Moyer projects as allowed by these Guidelines should be included in cost-effectiveness calculations when a methodology is provided in the Quantification Methodologies for the CAP Incentives Guidelines published on the CAP Incentives Resources webpage.

5. **Applicant Cost Share.** An applicant that is not a public entity must provide at least 15% of a project's CAP Incentives eligible cost from non-public sources. The applicant cost share cannot be covered through in-kind contributions. Furthermore, this provision is adjusted for projects funded with CAP Incentives where the Maximum Percentage of Eligible Cost exceeds 85%. For example, a project with a Maximum Percentage of Eligible Cost of 90% would have a 10% Applicant Cost Share requirement. An air district may request approval from CARB to waive all or part of an applicant's cost share, in accordance with Section P or Section Q. In its waiver request, an air district must identify the source(s) and amount(s) of the proposed project's funding and explain the reasons for the cost share waiver, discussing at a minimum of one, multiple, or all of the following factors:

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

   (B) How the project will advance newer and cleaner technology. For example, zero-emission technology projects.

   (C) The applicant is defined as small business or part of a priority population including, but not limited to, a low-income household, low-income community, disadvantaged community as defined by AB 1550 and SB 535.

6. **Applicant Disclosure and Payment.** The sum of project funding from all sources may not exceed the total project cost. Applicants must disclose all sources of funding applied for at the time of the CAP Incentives project application, and again when submitting each invoice

to the air district, prior to payment of CAP Incentives. An air district may not issue payment of CAP Incentives until all funding sources have been identified and verified and the air district can ensure that the sum of all incentive funds awarded to the project, along with required applicant cost share, does not exceed the total project cost.

7. **Emission Reductions.** All covered emission reductions achieved from a CAP Incentives funded project will be credited to CAP Incentives, unless otherwise stated in these Guidelines or the CAP Incentives webpage.

   Reporting of co-funded projects receiving GGRF funds from multiple California Climate Investment programs, must apportion GHG emission reductions and other benefits by prorating GHG emissions reductions, jobs supported, or other quantitative co-benefits based on each GGRF-funded program's financial contribution to prevent double counting when estimating benefits from projects funded from multiple programs, and report the project under each program in accordance with the 2024 CCI Funding Guidelines, Section VI.D.6.

   For co-funded projects receiving non-GGRF funds for CAP Incentive Guidelines eligible projects, including those eligible through Appendices A and B, emission reduction benefits must be apportioned by prorating the emission reductions based on each funding source's financial contribution to attribute stationary and mobile source criteria air pollutants, toxic air contaminant, and other emission reductions benefits from funds made available through CAP Incentives pursuant to HSC § 44391.4.

8. **Reporting of Project Data.** Information on co-funded projects will be reported into the CARL database by air districts. The information should adhere to the reporting requirements of Section H. The air district will also report other co-funding sources and funding amounts. When reporting project funding sources to the CARL database, air districts will use a dropdown menu(s) and other prompts to categorize certain co-funding sources as specified below.

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

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

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

H. Yearly Report

1. **Reporting Cycle Timeline.** Once a year by the end of September, each air district with CAP Incentives grants will submit a Yearly Report to CARB detailing activity throughout that year's Reporting Cycle (i.e., November 1 of the previous year to October 31 of the current year). An air district that is not in possession of unliquidated CAP Incentives and not under a current CAP Incentives Grant Agreement is not required to report. CARB will provide air districts with a certification document and accompanying instructions for completion of the Yearly Report. Subsequently, CARB staff will report into the CCI Reporting and Tracking System (CCIRTS). Any public reporting of GHG emission reductions and co-benefits associated with GGRF-funded projects must align with the approved Quantitative Methodologies for CAP Incentives, as indicated on the CARB website for California Climate Investments Tools.[32]

   Reporting processes and requirements for CAP Incentives projects may be updated to reflect program changes and CCI reporting requirements. In the event of a conflict, requirements in the CCI Funding Guidelines will take precedence.

Table 3-3: CAP Incentives Reporting Cycle Timeline

Date or Date Range	Reporting Cycle Action
November 1 to October 31 each year	Period of time spanned by each CCIRTS Reporting Cycle
End of September	Deadline for air districts to report to CARB
End of November	Deadline for CARB staff to report data into CCIRTS

[32] California Air Resources Board. (2025). *California Climate Investments Tools*. https://www.caclimateinvestments.ca.gov/tools.

2. **CARB Preparations and Support Each Reporting Cycle.** CARB will provide additional instructions, updated supplemental reporting materials and aids, and support to air district staff up to two months ahead of the reporting date for each Reporting Cycle. Other information may be requested due to changes in statute or guidelines.

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

   (A) Indicate a project is funded with CAP Incentives in the CARL database project form.

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

   (C) Fill out the CARL database *CAP Incentives Supplemental Form* for all vehicles or equipment funded, including:

      (1) Location information.

      (2) Priority population identification, if applicable.

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

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

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

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

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

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

5. **Reporting Project Information Outside of CARL.** CARB staff may opt to provide alternative means of reporting project information for CAP Incentives projects, particularly for non-Moyer projects. CARB will provide such materials as well as related directions in advance of Yearly Reporting such that air districts have sufficient time to report in a timely fashion, as described in Section H.2.

6. **Program Level Reporting.** Air districts will report the following program level information:

(A) Air districts will report interest earned on CAP Incentives throughout the last fiscal year using the *Report Interest & In-Kind Match Form* in CARL. Note that, while each Reporting Cycle spans November 1 to October 31, the period over which air districts earn interest is by fiscal year (i.e., from July 1 to June 30 each year).

(B) Per the CCI Funding Guidelines, air districts will report the following information using the *Jobs – Outreach Reporting Template*:

(1) Employments benefits and outcomes (jobs). Note that only air districts with an unliquidated grant in which they were allocated more than $1,000,000 are required to fill out this information, though CARB encourages all air districts to report this information if able.

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

7. **Required Reporting Documentation.** By the reporting date outlined above in Section H.1, air districts will report the following information and documentation to CARB:

(A) Output generated by the Required Reports in the Report Utility of the CARL database as follows:

(1) CAP Progress Report output spanning all grants that have not yet passed their grant liquidation deadlines.

(2) CAP Liquidation Report output for any grants that, over the course of the current Reporting Cycle, have passed their grant liquidation deadlines.

(B) A list of any projects identified as nonperforming and a brief narrative of any efforts to bring the projects into compliance and related enforcement actions.

(C) Report Certification and Documentation: The air district APCO, Chief Financial Officer (CFO) or financial representative, and CAP Incentives administrator must sign and certify that the project and fiscal information contained within the Yearly Report is, to the best of their knowledge, accurate and complete. The APCO may also serve as the CAP Incentives administrator. The APCO may designate an alternate to the CFO. The designated CFO alternate must be someone other than the APCO or Program Administrator and ideally would be someone who has knowledge of the finances related to CAP Incentives.

(D) The air district will maintain documents in support of the report at the air district office and make them available to CARB staff upon request.

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

I. Yearly Progress Tracking

1. **Yearly Progress Milestones.** To support timely emissions reductions and track progress toward statutory fund liquidation requirements, air districts and CARB will work together to meet recommended progress milestones as shown in Table 3-2 below. The first milestone is for an air district to have 50% of the awarded project funds under executed contract. The second milestone is for an air district to have 100% of the project funds under executed contract and 50% of project funds liquidated. The third and final milestone is for an air district to have 100% of project funds liquidated. Progress will be reported in Yearly

Reports and monitored by CARB and air district staff in the months prior to the Yearly Report. CARB will determine exact milestone dates for each Yearly Report based on the applicable legislative deadline given for each appropriation of CAP Incentives funds, and air districts will make every effort to achieve these milestones. These dates will be clearly referenced in each Grant Agreement. As an example of progress milestone dates, Table 3-2 shows milestone dates for the CAP Incentives funds appropriated in fiscal year 2025-26 that had a liquidation deadline of eight years.

Table 3-2: Example Milestone Dates for CAP Incentives Appropriated in Fiscal Year 2025-26[33]

Milestone Number	Milestone	Date of Milestone
One	50% of project funds under executed contract	June 30, 2031
Two	100% of projects funds under executed contract and 50% of project funds liquidated	June 30, 2033
Three	100% of grant funds liquidated	June 30, 2034

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

3. **Follow-up Actions.** Progress milestones are advisory in nature. CARB liaisons and management will work with air districts that do not demonstrate sufficient progress toward contract execution and project liquidation targets in the Yearly Report.

   (A) Progress Statement: When an air district cannot demonstrate that the second progress milestone has been met by the date set by CARB, the air district will append to the Yearly Report a progress statement. The statement will address the reasons for delays in

[33] Example progress milestones for grant agreements with an eight-year liquidation timeframe.

executing contracts or completing payment for projects, and the schedule for follow-up actions. Such actions may include:

(1) Specific steps to improve progress.

(2) Redirection of funds to air districts better equipped to meet statutory liquidation deadlines.

(B) Program Nonperformance: Failure to meet liquidation deadlines will result in a Program Nonperformance, described in Section L.

J. Funding Year Liquidation

1. **Liquidation Requirement.** By June 30 of each year, air districts must have liquidated all CAP Incentives in accordance with liquidation deadlines established by the Legislature, in accordance with any grant deadline extensions granted by CARB via amendment of any Grant Agreement, and including recaptured funds and other funds added to the funding target for that year. For example, CAP Incentives appropriated in fiscal year 2024-2025, which have a six-year liquidation deadline following the disbursement deadline, must be fully liquidated by June 30, 2033. An air district may be able to resolve an apparent liquidation shortfall by modifying in the CARL database the funding years from which funds are assigned to projects.

2. **Liquidation Terms.** Project liquidation is demonstrated when all funded equipment in a project is paid-in-full and post-inspected. Funding year liquidation is demonstrated when all funds assigned to a funding year have been paid out in full, except for any withheld payments.

   In extenuating circumstances when funds are under executed contract but not liquidated due to a vehicle or equipment delivery delay, an air district must notify CARB in writing if they will be requesting an extension to submit Yearly Reporting data associated with such contract.

   If CARB staff identify a liquidation shortfall that cannot be resolved through redirection, reassignment of liquidated funds from more recent years, and the remaining unliquidated funds are not under executed contract, the air district must submit, and CARB must receive, a check for the shortfall amount by September 28 of that year (90 days after the June 30 liquidation deadline). CARB will provide instructions for the

return of funds. No additional disbursements will be made to the air district until funds subject to return have been received by CARB.

3. **Ongoing Maintenance Requirements.** Air districts must liquidate spending toward projects by the liquidation deadline in their Grant Agreement, which may vary depending on the fiscal year in which the funds were awarded. The grantee must continue to fulfill obligations including proper maintenance of their equipment through the duration of the project life.

4. **Data Completion.** A funding year that has been liquidated by an air district and all associated projects will be removed from cumulative tracking and will be considered frozen after CARB CAP Incentives liaisons have reviewed and confirmed the liquidation of that funding year. CARB staff will notify air districts two months before the data freeze occurs.

   Projects associated with frozen, liquidated funding years may not be revised in or removed from the CARL database after the funding year is liquidated, except in unusual circumstances following consultation with and written approval by CARB staff.

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

K. Return and Reallocation of Funds

1. **Return of Unliquidated Funds.** If CARB staff identify a liquidation shortfall that cannot be resolved through reassignment of liquidated funds from more recent years, and the remaining unliquidated funds are not under executed contract, the air district must submit, and CARB must receive, a check for the shortfall amount by September 28 of that year (90 days after the June 30 liquidation deadline). CARB will provide instructions for the return of funds. No additional disbursements will be

made to the air district until funds subject to return have been received by CARB.

2. **Return of Other Funds.** An air district, after consulting with CARB, may remit all or a portion of earned interest or other funds by following the instructions provided by CARB staff.

3. **Reallocation.** CARB will add funds returned by air districts to the subsequent cycle of CAP Incentives funding.

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

5. **Project Completion**. Project completion is the timeframe starting with the date of execution of the contract to the date the project post-inspection confirms that the project has become operational. This includes the time period when an engine, equipment, or vehicle is ordered, delivered, and installed. The contract must include a specified timeframe in which project completion will occur so that the contract is liquidated in accordance with the CAP Incentives Guidelines and Grant Agreement or amended Grant Agreements of CAP Incentives funds by which the project was funded.

L. Program Nonperformance

1. **Monitoring Nonperformance.** CARB monitors air district programs to ensure that participating air districts conduct their programs consistent with the criteria and guidelines established by the Board. Program nonperformance is an air district's noncompliance with program guidelines or statute that is not corrected by the air district in a timely or satisfactory fashion. CARB may become aware of possible air district nonperformance through a Yearly Report, Incentives Program Review, desk reviews, air district self-reporting, or other means. Examples of program noncompliance with program guidelines or statute include, but are not limited to, the following:

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

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

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

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

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

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

(G) Other noncompliance with program guidelines or statute or Grant Agreement.

2. **Nonperformance Procedures.** When CARB determines that an air district program is not complying with program guidelines, the CARB liaison and manager will work with air district staff to understand the issues and develop a plan and timeline to resolve them. If the CARB Branch Chief determines that the issues related to program nonperformance have not been resolved, CARB will monitor the air district and may provide up to two warnings of nonperformance prior to issuing a notice of nonperformance to the air district. Failure to respond to the final notice, meet with CARB management as requested in prior warnings and notice, or take prompt action to address the unresolved issues after the notice may ultimately result in CARB requiring the district redirect funds to another air district or return allocated funds.

   The two warnings and the notice of nonperformance are described below:

   (A) First Warning - The first warning of the nonperformance will contain:

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

      (2) A meeting request between CARB management and air district management to understand the challenges the air district may face, identify possible solutions to the issue(s), identify general initial steps and timeline to address the issue(s), and to learn how CARB can support the district's

efforts. The CARB air district liaison will record the meeting and provide a copy via email to the air district management within 10 business days. Failing to respond to the warning, meeting request, or comply with the plan and timeline will trigger the next warning.

(B) Second Warning - The second warning of nonperformance will include:

(1) The date of the initial warning, along with a description of the previously described unresolved issue(s).

(2) A request for a meeting between the CARB Branch Chief and the air district APCO. The purpose of this meeting will be to assess the district's unresolved issue(s), including fund liquidation progress. If fund liquidation is an issue, CARB may encourage the air district to redirect funds to another air district.

(3) The meeting will also establish an agreed upon plan and timeline for resolving the issue(s). The plan and timeline shall be recorded by the CARB air district liaison and emailed to the air district APCO within five business days of the meeting. Failing to respond to the warning, meeting request, or comply with the plan and timeline may trigger the next notice.

(C) Nonperformance Notice: The notice of nonperformance will include:

(1) The dates of the previously issued warnings, along with a description of the previously described unresolved issue(s) and actions warranting the notice.

(2) Notification that CARB has begun the official process to redirect funds to another air district or return CAP funding not yet awarded to approved projects from the air district, as described in Section L.3.

3. **Returning Funds to CARB.** Lacking satisfactory resolution of the issues that have resulted in the final nonperformance notice may warrant CARB to require redirecting funds to another air district or returning funds that have been granted to the air district and not yet awarded to approved

projects. When this happens, CARB will send a letter of program nonperformance to the air district APCO.

M. Incentives Program Review and Desk Reviews

1. **Purpose.** CARB conducts incentives program reviews and desk reviews to help ensure that air district programs achieved expected emission reductions and are implemented in a manner consistent with the CAP Guidelines and State law (H&SC sections § 44291, and 39500). These CARB Incentives Program Reviews place emphasis on collaboration with the affected air district in the review process. Features of this approach include a joint initial review of project files, ongoing and regular communication with air district staff throughout the file review process, and where possible, an opportunity for air districts to correct problems prior to their inclusion as findings in the final report.

   For more detailed information on Incentive Program Reviews and desk review process visit the Program Oversight webpage to review the Policy and Procedures document. Below is an overview of incentives program reviews and desk reviews:

   (A) **Incentives Program Reviews**: Although CARB may conduct a program review itself, usually a qualified third party under contract with CARB will conduct it on CARB's behalf. CARB staff directs the process, with each review carried out in close consultation with grantee staff, and as well as third-party auditors working under agreement with CARB.

      (1) Air districts are selected for an incentives program review based on identified need(s) or with consideration of State incentive program(s) funding amount(s). CARB uses a risk-based approach to select specific air district State incentives programs and projects to review, with the review typically covering a period of five or more fiscal years. When appropriate, other air district implemented CARB incentive programs will be selected at the same time as this program to be part of the Incentives Program Review.

      (2) Most reviews of grantee incentives programs are conducted in two parts: a program review, and a financial compliance audit or fiscal review. The separate fiscal audit

may be carried out concurrently or following the program review. The independent auditors will conduct these audits in accordance with Generally Accepted Government Auditing Standards and will prepare reports on the results of the audits including any findings. CARB retains final authority with respect to corrective measures and follow-up, in consultation with the air district. The Incentives Program Review will result in a report along with air district response, and related documents that will be made available to the public via posting on CARB's website.

(3) Any projects implemented by an air district under Chapter 8 of these Guidelines, funded with money from fiscal years relevant to a given program review, will automatically be included in the scope of that program review.

(B) **Desk Reviews.** Air district desk reviews are meant to be spontaneous, informal spot checks that provide CARB staff insight into an air district's program implementation, and an opportunity to provide the air district with recommendations of improvement. desk reviews are typically performed more frequently than Incentives Program Reviews and may either coincide with a scheduled in-person visit by the air district's liaison or requested by the air district. desk reviews do not result in a publicly posted report.

Desk reviews do not occur the same year or take the place of an Incentives Program Review but may be used to prepare an air district for an Incentives Program Review.

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

N. Requirements for Project Applications

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

2. **Existing Engine Usage.** Project applications must include documentation of existing engine usage, such as miles traveled, hours operated, or fuel consumed per year, for 24 months or as specified in these Guidelines by source category. If existing engine usage is not available, estimated usage is acceptable as per section Q.6.B and must be included in the contract. This information will be used to evaluate project cost-effectiveness and maximum grant award amounts where applicable.

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

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

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

(A) A disclosure statement consistent with Section G.6 of this chapter, specifying whether the applicant applied for incentive funds to any other entity or program for the same equipment (for example, repowering of the same engine). The applicant must disclose to whom other applications were submitted, whether funds have been awarded or may be awarded, and the amount or potential amount of other funding.

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

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

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

O. Application Evaluation and Project Selection

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

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

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

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

   (B) Documentation of project costs.

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

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

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

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

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

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

7. **Recordkeeping.** The air district must maintain a file for each project selected for funding. Files may be retained in a hardcopy and/or electronic format if complete and easily accessible. Unless otherwise specified by source category or in Section F.8, project files must be retained three years following the end of the contract term. In the event final payment has not been issued prior to the end of the contract term, the three-year clock is re-started upon final payment. Applications for unfunded projects must generally be kept for a minimum of two years following the solicitation period, or two years from receipt if there is not a specified solicitation period. NOTE: Clean truck projects funded under the Proposition 1B Program Guidelines may have separate and more stringent records retention requirements.

8. **Subsequent Application and Double-Counting.** CAP Incentives participants that received funding and that are still under contract may not apply for funding for the same project from CAP Incentives, Moyer Program, or Proposition 1B Program funds, or funds from any other program. A CAP Incentives project that may have identified different eligible costs outside of the original funded eligible costs and after the original project has received funding, may be submitted to CARB for a determination request, as seen in Section P or Section Q, to determine if the different eligible costs may be funded by CAP Incentives or other programs while still under a CAP Incentives contract.

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

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

9. **Option to Allow Lease-to-Own Financing for Zero-Emission Technology.** Moyer lease-to-own project(s) may be funded by CAP Incentives for eligible zero-emission technology that is community-

supported. Eligibility criteria and project requirements are provided for the source category identified in these Guidelines or the Moyer Guidelines. If eligibility criteria and project requirements are not available for the source category in either set of guidelines, then a Community Identified Project Plan must be developed and submitted to CARB for review.

An air district entering into a contract with grantee obtaining lease-to-own financing to assist in the purchase of the zero-emission technology projects must have the following conditions in the contract with grantee:

(A) A project life or usage (miles or hours) requirement equal to the agreed upon terms of lease. Failure to meet the project or usage requirement will be deemed a nonperforming project.

(B) Equipment and vehicle project contracts with a lease-to-own shall hold both the lessor and lessee legally liable to the contract and Program requirements as non-lease projects. The equipment or vehicle project contract may allow certain provisions to apply solely to the lessor (e.g., financial requirements) or lessee (e.g., operational requirements)

(C) Require a copy of the final lease agreement, which is in alignment with the sample lease agreement provided in the application, be provided as part of invoicing and reimbursement/ payment of grant funds.

P. CAP Incentives for Moyer Case-by-Case Approved Projects

1. **CAP Incentives and Moyer Program's Case-By-Case (CBC) Approved Projects.** CARB staff implementing the Moyer Program may approve on a case-by-case (CBC) basis a Moyer Program project funded by CAP Incentives that varies from specific requirements of the applicable source category chapter of the Moyer Guidelines only if CARB CAP Incentives staff determines that such approval will not adversely affect achievement of the Community Air Protection Program objectives to reduce criteria air pollutant emissions and community–specific TAC. Such projects receiving CBC approval also must not result in an exceedance of the applicable cost-effectiveness limit, reduce program transparency, or cause a violation of law or regulation. Unless otherwise allowed by the Moyer Guidelines, air districts are required to request a

Moyer Program project CBC determination even if they believe a project is similar to previously approved Moyer Program CBC approved projects. For more information about the Moyer Program CBC determination process, please refer to the Moyer Guidelines, Chapter 3, Section W.

Q. CAP Incentives Determination Request Process

1. **CAP Incentives Determination Request Procedure.** An air district may request CARB review of a non-Moyer project for determination of clarifying guidance, deviation, or allowance using the procedure below. After receipt of all information requested by CARB, CARB will respond to the air district as expeditiously as practicable with a determination or provide an estimated date of determination. CARB will keep the air district informed about progress toward a determination request.

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

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

      (2) Documents containing information essential for CAP Incentives staff to make the determination, including but not limited to:

         a. Baseline and new engine information, or equivalent kinds of equipment information if the project is non-vehicular in nature.

         b. The Associated CARB engine Executive Orders and/or U.S. EPA Certificates of Conformity for baseline and new engines.

         c. Compliance checks.

         d. References to previous Moyer Program CBC approvals that show precedence of the request.

         e. Other related applicant information from a completed application.

(3) Information regarding how the proposed project benefits priority populations, AB 617 selected communities, or consistently nominated communities.

(4) Other information and documents as requested by CAP Incentives staff.

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

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

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

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

2. **Public Availability and Recordkeeping.** Air districts will keep a copy of the determination made by CARB, regardless of the nature of the determination, in the project file.

3. **After Contract Execution.** Air districts should always attempt to request a CARB determination regarding clarifying guidance, deviation, or allowance prior to contract execution. CARB will consider these determination requests subsequent to contract execution only when an unforeseen event leads to a project or program element that varies from the requirements of these Guidelines.

R. Minimum Contract Requirements

1. **General Requirements.** Except as specified for the Moyer Program's On-Road Heavy-Duty Voucher Incentive Program, air districts participating in the CAP Incentives Program must execute contracts with prospective grantees who will receive CAP Incentives. All CAP Incentives project contracts must include the elements described in this section. Projects funded with CAP Incentives may not be used to generate a compliance extension or credit for regulatory compliance. All executed

project contracts and contract amendments must be kept in the air district's project files.

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

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

4. **Funds from Other Sources:**

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

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

   (C) Except as specified in applicable guidelines for a project, a grantee that is not a public entity must provide at least 15% of a project's CAP Incentives eligible costs from non-public sources (see Section J). The contract must prohibit the grantee from receiving grants and other funds that exceed the total project cost.

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

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

(A) **Project Completion.** Project completion is the timeframe starting with the date of execution of the contract to the date the project post-inspection confirms that the project has become operational. This includes the time period when an engine, equipment, or vehicle is ordered, delivered and installed.

The contract must include a reasonable specified timeframe from the original date of contract execution in which project contracted funds are expended. The contract's completion date may be amended beyond the contract's original project completion end date and the air district must document why the extension was required.

The CAP Incentives grant agreement disbursed fund(s) used for eligible project(s) must be liquidated in accordance with liquidation deadlines as established by the Legislature which is reflected in the grant agreement, including extension(s) by CARB via amendment to an air district's CAP Incentives Grant Agreement. Under no circumstances may the liquidation date be extended beyond liquidation deadlines included in CAP Incentives Grant Agreements.

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

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

(A) Replacement Substitute: An eligible replacement vehicle, mobile equipment, stationary equipment, and/or engine that is verified or certified to achieve equivalent or greater reductions than the original project replacement vehicle, equipment and/or engine,

in the same location as the original project replacement vehicle, equipment, and/or engine, may be substituted with prior approval of the air district.

(B) Usage Documentation

(1) Optional Usage Requirement in Contract: In cases where at minimum of 24 months of documented and verified historic usage for the baseline engine, was received at the time of application, such as miles traveled, hours operated, or fuel consumed, and in this case, usage is not required to be in the contract.

(2) Usage Requirement in Contract: If usage information is not available, the air district may estimate the usage for the old engine consistent with methods outlined in their Policies and Procedures and the estimated usage must be included in the contract.

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

b. Additional forms of documentation to verify historical annual usage that are not included in an air district's Policies and Procedures can be evaluated and approved by CARB through a determination request.

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

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

(1) Certify that the grantee's fleet, engine(s), equipment/vehicle, or stationary source is in compliance

with all applicable federal, State, and local air quality rules and regulations at time of contract execution.

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

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

(E) Additional Specifications: Contracts must specify the following:

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

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

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

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

final payment is issued. All contracts must include the following payment terms:

(A) **Maximum Contract Amount.** The maximum contract amount must not exceed the maximum funding level corresponding to the current program cost-effectiveness limit, if applicable, nor may the maximum contract amount exceed the project incremental cost, if applicable. The maximum contract amount must also comply with any funding caps and other criteria for the specific project category as identified in these Guidelines or the relevant Project Plan, in the case of categories created by air districts as per Chapters 6 or 7.

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

9. **Lease-to-Own Financing for Zero-emission Technology (Optional)**. Moyer Program lease-to-own project(s) may be funded by CAP Incentives for eligible zero-emission technology that is community-supported. Eligibility criteria and project requirements are provided in the source category identified in these Guidelines or the Moyer Guidelines. If eligibility criteria and project requirements are not available for the source category in either set of guidelines, then a Community Identified Project Plan must be developed and submitted to CARB for review.

   An air district entering into a contract with grantee obtaining lease-to-own financing to assist in the purchase of the zero-emission technology projects must have the following conditions in the contract with grantee:

(A) A project life or usage (miles or hours) requirement equal to the agreed upon terms of lease. Failure to meet the project or usage requirement will be deemed a nonperforming project.

(B) Equipment and vehicle project contracts with a lease-to-own shall hold both the lessor and lessee legally liable to the contract and Program requirements as non-lease projects. The equipment or vehicle project contract may allow certain provisions to apply solely to the lessor (e.g., financial requirements) or lessee (e.g., operational requirements)

(C) Require a copy of the final lease agreement, which is in alignment with the sample lease agreement provided in the application, to be provided as part of invoicing and reimbursement/ payment of grant funds.

Refer to Section O.9. for the list of required disclosure terms and conditions of the grantee's lease agreement.

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

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

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

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

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

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

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

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

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

S. Project Inspections.

1. **Description.** Project inspections may be conducted in-person or remotely and must fulfill the requirements outlined in Sections S and T and in the source category chapters. For remote inspections, the grantee, dealer, or equivalent may livestream a video inspection to the air district to verify that the vehicle or equipment and engine or powertrain is operational, and subsequently submit to the air district required photographs that accurately represent and authenticate the vehicle or equipment, and engine or powertrain live-streamed during video inspection. The live video streaming must be done through an application (i.e., Zoom, Microsoft Teams, etc.) that is free for the air

districts to access and compatible with all operating systems of the air district for which the inspection is performed.

T. Project Pre-Inspection

1. **Requirements.** Prior to contract execution, a pre-inspection of the baseline engine, equipment or vehicle must be completed to confirm project eligibility. All projects must be pre-inspected by air district staff, with the following exceptions:

   (A) Remote inspections.

   (B) The project source category allows an authorized third-party that is contracted with the air district to perform pre-inspections on the air district's behalf.

   (C) For public agencies (e.g., public works departments, transit organizations, and school districts), the air district may choose to allow the public agency to provide documentation of the engine(s), equipment, and usage in lieu of a pre-inspection. For infrastructure projects, pre-inspections will be required for portable power, conversion, and expansion projects. For more information on infrastructure pre-inspection, see Chapter 10: Infrastructure.

   (D) Air districts receiving less than 0.5% of the current fiscal year total of CAP Incentives, or $1,000,000, whichever is less, may reduce their required project pre-inspections to a minimum of 25% of the total number of projects associated with the current fiscal year funds. However, at least one project must be selected for review from each source category.

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

   (A) Baseline Engine, Vehicle or Equipment Information: This is unique information used to identify, establish eligibility, provide a basis for emissions calculations, populate the CARL database, and ensure contract enforceability. Such information may include, but is not limited to: make, model, model year, horsepower, fuel type, engine family, engine tier, serial number, vehicle identification number (VIN), and any additional information pertinent to the

project. Engines, or other equipment as applicable, without a visible and legible serial number must be uniquely identified by having the engine block stamped with a unique CAP Incentives number or alternative permanent marking such as an engine tag or other unique identifier. For stationary source projects refer to the specific source category chapter for information requirements. For community-identified or other stationary source Project Plans developed as per Chapter 6 or 7, refer to the specific approved Project Plan for information requirements.

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

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

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

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

(1) Name of inspector.

(2) Date of inspection.

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

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

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

3. **Compliance Certification.** The air district must obtain certification of and, if available, supporting documentation from the applicant showing that their engine(s), vehicle/equipment, or project fleet is currently in compliance with the applicable rules or regulations affecting the engine(s) or vehicle/equipment for which they are requesting funding. The documentation should be provided by the time of pre-inspection, or prior to contract execution.

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

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

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

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

   (C) The air district's Policies and Procedures clearly specify the process for conducting pre-inspections after contract execution and any additional procedures enacted to ensure the project achieves emissions reductions in excess of those otherwise required by law or regulation.

U. Project Post-Inspection

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

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

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

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

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

(E) The engine or powertrain, vehicle or equipment, and retrofit information must be documented with photos, and the photos must be clearly labeled. The photos must include the serial number of the engine or retrofit (if legible) and/or any other identifying markings. Photos of the scrapped or destroyed engine and equipment must be included.

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

(1) Name of inspector.

(2) Date of inspection.

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

(4) Location of the engine or equipment.

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

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

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

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

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

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

3. **Zero-Emission.** Post-inspection of a new zero-emission powertrain must also include a recording of the serial number of the variable frequency device if the project includes one.

4. **Verification of Destruction.** If required, the air district must verify that the baseline engine and associated vehicle or equipment is destroyed and rendered permanently inoperable, irreparable, and permanently removed from service, consistent with requirements in applicable guideline source category chapters and with the air district Policies and Procedures. In cases where only an engine repower was performed, only the baseline engine is destroyed and rendered permanently inoperable, irreparable, and permanently removed from service.

   State funds must not be provided by the air district for any dismantler or material costs, including hazardous waste abatement fees, labor costs, fines, permits, or other charges resulting from destruction or disposal.

   (A) **Proof of Destruction.**

      (1) Air district staff must verify and document through photographic or video evidence that the destroyed engine serial number matches that on the project contract. In cases where the serial number is destroyed during destruction, the air district has discretion to include in its Policy and Procedure examples of other unique identifiers or other proof (e.g., air district identifiers placed on other areas of the equipment that will not be destroyed) that can be accepted as proof of the original piece of equipment's destruction.

      (2) Air district staff must verify that engines without a visible and legible serial number are uniquely identified by the correct air district stamp or other permanent marking, such as an engine tag or other unique identifier, prior to engine destruction.

   (B) **Destruction Timeframe Allowance.** Destruction timeframes outlined below shall be followed, except in cases where the source category allows for additional time. Project life begins at

the time that baseline engine and equipment or vehicle has been destroyed, and not sooner than that timeframe.

(1) **Combustion Technology.** The baseline engine and vehicle or equipment must be destroyed within 120 days of the baseline being replaced with combustion engine technology. Refer to the source category chapter for any additional milestone requirements within the 120-day timeframe.

(2) **Zero-Emission Technology.** Destruction of baseline equipment or vehicle may be delayed for up to six months for zero-emission technology, with reasonable justification. The project file must contain documentation showing reasonable justification for the delay. An air district may seek approval from CARB to obtain additional time beyond a six-month timeframe. Air districts are required to request a destruction delay from CARB even if they believe a project is similar to previously approved projects.

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

V. Project Invoice and Payment

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

2. **Progress or Partial Payments.** In cases where the grantee provides the air district with sufficient evidence of completing milestones specified in the contract, consistent with conditions specified in the air district's Policies and Procedures. The air district must maintain a clear record of progress payments in the project file and in records of the air district administration or fiscal unit. Progress payments include final payments

that are withheld until all reporting requirements are met (also known as "withheld payments").

3. **Eligible Costs.** Eligible Costs are project costs that qualify for reimbursement with CAP Incentives. Eligible costs are considered prior to the project's cost-effectiveness limit or any funding cap restriction determination.

   (A) Cleaner Combustion Technology

      (1) Equipment and parts on engine repower or retrofit projects are eligible for funding only if they are required to ensure the effective installation and functioning of the new engine or retrofit and are not part of typical vehicle or equipment maintenance or repair.

      (2) Taxes and the installation and transport costs for eligible hardware are eligible for funding at the air district's discretion, with the exception for some on-road heavy duty vehicles (See Moyer Guidelines, Chapter 4 On-Road Heavy-Duty Vehicles). For labor expenses paid, the invoice must detail the number of hours charged and the hourly wage. See source category chapters in these CAP Incentives Guidelines, or Moyer Guidelines as applicable, for additional specification of eligible costs. For labor expenses paid, the invoice must detail the number of hours charged and the hourly wage. See source category chapters for additional specification of eligible costs.

      (3) Zero-Emission Technology: Taxes, warranty, insurance, and transport fees may be considered eligible costs if determined to be an incremental cost incurred by the purchase and operation of zero-emission technology equipment and vehicles by the air district. Air districts may not fund insurance costs beyond the first year of ownership. The replacement equipment's/vehicle's invoice must include supplemental warranty costs if purchased from the dealer or manufacturer. If not purchased from the dealer or manufacturer the grantee must supply documentation showing supplemental warranty costs and/or insurance costs.

For additional specifications of eligible costs for a source category, see the source category chapter.

4. **Ineligible Costs.** Costs associated with a project that are not eligible for funding under these Guidelines. For example, ineligible repower costs include tires, axles, paint, brakes, and mufflers. See source category chapters for additional specifications of ineligible costs.

5. **Limitations on Applicant Action before Air District Approval.** An applicant may not receive engines, equipment, or vehicles, nor may work begin on a repower or retrofit project, until the project contract is fully executed, unless the air district has provided the potential applicant with written notification that any work performed is not guaranteed funding until a contract is executed.

   For infrastructure projects, an applicant may order or make down payments on infrastructure equipment prior to contract execution, with an air district's approval. The applicant must be provided with written notification from the air district that funding is not guaranteed on any work performed until the contract is executed.

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

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

   (A) For any on-road heavy-duty truck that operates in goods movement or drayage trucks funded with CAP Incentives (including potential lease-to-own projects), compliance checks demonstrating compliance with AB 794 with a completed attestation by the grantee must be performed.

(B) On-road heavy-duty vehicles including school bus projects are subject to the Clean Truck Check Heavy-Duty Inspection and Maintenance (CTC HD/IM) Program and must demonstrate compliance with CTC HD/IM through a confirmation from the CTC VIS database[34].

8. **Regulatory Compliance.** Where a contract requires a grantee to demonstrate that specific regulatory compliance requirements have been met to receive funding, air districts may not pay invoices until the grantee has provided documentation that the requirements have been met. A project participant may demonstrate this via a detailed letter signed by the vehicle or equipment owner or legal representative or, if the regulation requires CARB (or the air district) to certify compliance, through CARB (or air district) certification. For more information, see the associated source category chapter. Air districts are not to be held liable if a grantee falsifies this documentation.

9. **Lease-to-Own Financing Documents for Zero-Emission Technology.**

Zero-emission technology project applicants that have entered into lease-to-own financing shall receive project funds only to be used to offset the costs of the zero-emission equipment or vehicle and reduce the principle owed by the lessee for purchasing. The grantee must provide a copy of the final lease agreement, which is in alignment with sample lease agreement provided at application, as part of invoicing and payment reimbursement. The final lease agreement must include the cost of the zero-emission technology equipment of vehicle (total cost lessor paid for the vehicle less the amount of the grant), the amount due at lease signing with an itemization of the charges, along with the other items outlined in Section O.9.

(A) Nonperformance. As a remedy for nonperformance of a lessee under the equipment project contract, the lessor, with local agency approval, may transfer the truck to a new lessee, so long as the new lessee agrees to sign an equipment project contract under the same provisions, for the remaining contract term.

[34] California Air Resources Board. (2025). *Clean Truck Check Reporting Resources (CTC-VIS).* https://ww2.arb.ca.gov/our-work/programs/inspection-and-maintenance-program/reporting-resources-ctc-vis.

(B) In a case where the source category allowance conflicts with this allowance, the source category allowance takes precedence.

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

11. **1099 Form**. CARB is not a federal or tax-regulating entity and cannot provide tax advice to any individual, business, or air district. Air district Counsel is in the best position to provide the air district with guidance regarding an air district's tax obligations.

W. Air District Grantee Annual Reporting

1. **Requirement.** Air district grantees are required to submit annual reports in either electronic or hard copy format within 18 months of the project post-inspection and annually thereafter for the term of the contract.

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

   (A) Air district grantee name, address, and telephone number.

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

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

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

   (E) Description of reason(s) for projects not meeting usage requirements. The air district grantee must describe any conditions that are likely to have affected project usage, such as weather, permits, or major maintenance, when:

      (1) The project usage is below the usage requirement in the contract.

      (2) Usage is not required to be specified in the contract (as allowed per Section Q.6.(B)(1), if usage is more than 30% below what was identified in the project application.

(3) In instances where annual usage is significantly lower than the contracted level due to unforeseen circumstances beyond the control of the grantee, the grantee may request a waiver from the air district per Section W.3.

3. **Time Period Reported.** Each yearly report should include data for all active grants.

   (A) Inactive grants are those whose liquidation deadlines have passed or that have been canceled. Even if a grant has been 100% liquidated, it must still be reported as an active grant if its liquidation deadline has not passed.

   (B) The liquidation deadline for each grant depends on the fiscal year in which it was awarded.

   (C) For example, reports submitted in 2025 will include data for fiscal years 2019-20 (CAP Year 3) through 2024-25 (CAP Year 8), unless the grant agreement was extended for 2018-19, in which case the report would include data from fiscal years 2018-19 (CAP Year 2) through 2024-25.

   (D) For more information on progress milestones that should be met over the course of a grant agreement, please refer to Section I.

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

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

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

X. Air District Audit of Projects

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

2. **Project Inspection.** Audits must be completed by air district staff and will at a minimum include an in-person or remote inspection that verifies that the engines, equipment, and emissions control devices paid for are still owned by the air district grantee named in the contract, are still operational in the same equipment, and meet the contracted mileage, requirement, fuel usage, hours of operation, or any other methods for establishing usage indicated in the criteria for the relevant source category indicated in the executed contract. For a grantee that did not have mileage, fuel usage, or hours of operation requirement in the executed contract, as allowed by Section R.6(B)(1), the air district should refer the application and the allowance given in Section W.2.(E)(2). This must be performed by checking the serial number, or other unique identifier of the engine or powertrain; witnessing the operation of the engine; and checking the usage meter or fuel receipts.

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

   (A) For projects with up to 25 pieces of equipment, audits must include inspection of at least 2 pieces of equipment.

   (B) For projects with over 25 pieces of equipment, audits must include inspection of at least 5 pieces of equipment.

Y. Nonperforming Projects

1. **Requirement.** The air district will work with nonperforming air district grantees, as well as relevant Community Steering Committees, if applicable, and take appropriate action when needed, to ensure CAP Incentives project requirements are met and emissions reductions and

other project benefits are achieved, consistent with procedures outlined in the air district Policies and Procedures for engines or powertrains, equipment, vehicles or fleets, as well as usage for infrastructure projects. Air districts may consider unforeseen circumstances beyond the air district grantee's control in determining repercussions for nonperformance, and the options listed in Section Y.2. to address underutilization. Exceptions to his requirement are projects in which usage is not required to be specified in the contract (as allowed per Section R.6.(B)).

Projects may be nonperforming for reasons other than usage (e.g., lack of annual reporting, lack of emission benefits, breach of contract, etc.). Air district's Policies and Procedures must provide methods of addressing nonperformance, as well as when CARB notification is required.

2. **Nonperformance Repercussions.** When an air district's grantee is not able to meet the program requirements (e.g., annual reporting, emission benefits, etc.) or terms specified in a contract, the air district may consider the following options to remedy the violation before seeking enforcement action. In addition, when an air district grantee is not able to meet the average usage requirements or terms specified in the contract, the air district may consider the average usage for a contracted engine, equipment, vehicle or fleet is less than 70% of the activity required in the contract, the air district may choose, but is not limited to, the options below to address the underutilization. The air district must evaluate whether usage requirements are being met at 24 months after the beginning of or halfway through the project implementation phase of the contract term, whichever is longer, and at the end of the contract term:

   (A) Extend contract: Extend the project contract for additional years (precluding overlap with an applicable rule implementation requirement).

   (B) Transfer Ownership: Transfer ownership of the engine or powertrain, vehicle, equipment, or stationary source project item to another entity committed to complying with the contract terms. This may also apply for an air district grantee that had entered into lease-to-own financing but has recently transferred the equipment or vehicle to a new lessee. So long as the new lessee

agrees to sign the equipment or vehicle project contract under the same provisions, for the remaining contract term, that was previously entered into by original air district grantee/lessor.

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

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

It is at the air district's discretion whether issuance of a waiver results in a contract extension. However, it is highly recommended that air districts monitor the projects until the average annual usage meets at least 70% of the usage required by the contract over a minimum of three years, excluding the time period covered by the waiver.

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

a. A decrease in usage due to economic recession;

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

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

(2) Waiver Documentation and Requirements: To be considered for a waiver:

a. Air District Grantee Request: The grantee must provide a written request to the air district along with documentation that substantiates the need for the waiver and verifies that:

b. Higher polluting equipment is not consequently receiving more use.

c. Waiver Approval: The waiver will be documented in writing, approved by the APCO or designee, and included in the project life.

d. Waiver Length: The air district must specify the length of time for which the waiver is valid. The waiver will not exempt the air district grantee from any contract requirement to provide annual usage reports. The waiver does not require a contract extension, but is at the air district's discretion. For example, a 10-year project year life contract would still be 10 years from the time of first day of operation of the engine, powertrain, vehicle, or equipment.

e. Other documentation: Additional documentation that supports the issuance of the waiver.

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

(E) Recapture (Return) Funds: When an air district is not successful in gaining grantee compliance with the requirements specified in a contract, the district will make all reasonable efforts to recapture CAP Program funds from the air district grantee. The air district's efforts to recapture funds may be guided by circumstances such as:

(1) Suspected or actual fraud or misuse of funds, the amount of CAP Program funding involved, or the ability of the air district grantee to repay the funds.

(2) Loss in emission reductions, with return of funds being proportional to the loss of emission reductions.

Recaptured funds will be reported to and added by CARB staff to the air district's most recent funding year target in CARL unless the air district directs CARB staff to add the funds to an earlier funding year. For example, funds recaptured by an air district in FY 2023-2024 and reported in their 2024 Yearly Report would be added to the CAP Year 7 funding year target unless the air district indicates otherwise.

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

CHAPTER 4: HEXAVALENT CHROMIUM ELECTROPLATING AND CHROMIC ACID ANODIZING FACILITIES

A. Introduction

H&SC 44391.4(b)(3)(A) allows CAP Incentives to be directed to owners of stationary sources that are not subject to the Cap-and-Trade Program requirements adopted by CARB pursuant to subdivision (c) of Section 38562 of the H&SC. The funding is intended to provide replacement of equipment with technologies that will result in direct reductions of criteria air pollutant and TAC emissions.

In addition, the AB 102 (Ting, Chapter 38, Statutes of 2023)[35] made 10 million dollars ($10,000,000) available to CARB to assist with the necessary transition away from the use of hexavalent chromium in chromium electroplating and chromic acid anodizing (chrome plating) operations. In these guidelines, this funding is referred to as Hex Chrome Funding. AB 211 (Committee on Budget, Chapter 574, Statutes of 2023)[36] stated that at least 50% of this funding should be made available for small businesses to convert to trivalent chromium plating technology or an alternative that is at least equally health protective. The legislature also instructed that funding priority be given to facilities located in close proximity to sensitive receptors.[37] Hex Chrome Funding for eligible projects is expected to be available until June 30, 2026. Air Districts must prioritize spending Hex Chrome Funding before using CAP Incentives to fund eligible projects.

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[35] Assem. Bill No. 102 (Chapter 38, 2023-2024 Reg. Sess.). https://legiscan.com/CA/text/AB102/id/2833538.

[36] Assem. Bill No. 211 (2023-2024 Reg. Sess.). https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB211.

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

The maximum total grant amount from either funding source cannot exceed three-hundred thousand dollars ($300,000) for small businesses,[38] or one-hundred and fifty thousand dollars ($150,000) for all other businesses. CAP Incentives and the Hex Chrome Funding cannot be combined except with approval from CARB CAP Incentives staff.

CARB identified hexavalent chromium as a TAC in 1986. Hexavalent chromium is currently known to be the second most potent carcinogen identified by the Board. CARB's emission inventory data has revealed the presence of hexavalent chromium emissions from stationary sources, such as chrome plating facilities, in numerous communities across the state. Chrome plating processes that use hexavalent chromium cause mists containing hexavalent chromium to be emitted from the plating tanks and dispersed into indoor and outdoor ambient air. Since 1988, CARB has regulated hexavalent chromium emissions from chrome plating facilities. There are also federal and local regulations that control emissions from these facilities.

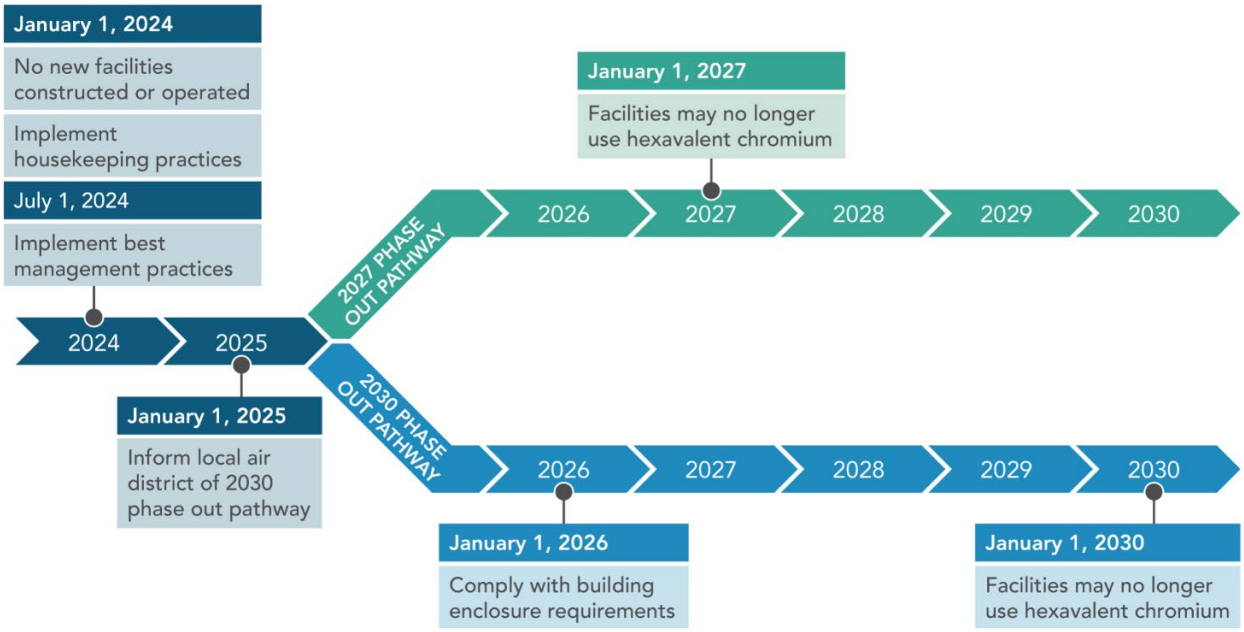
B. Current Requirements

On May 25, 2023, the CARB board voted to approve amendments to the Airborne Toxic Control Measure for Chromium Electroplating and Chromic Acid Anodizing Operations (Chrome Plating ATCM). The updated ATCM sets forth requirements for phasing out the use of hexavalent chromium in chrome plating operations. Decorative chrome plating[39] facilities must stop using hexavalent chromium on January 1, 2027, with no additional requirements, or on January 1, 2030, if they notify the air district of this decision by January 1, 2025, and implement building enclosures by January 1, 2026. Figure 4-1 illustrates the Chrome Plating ATCM requirements that apply to facilities using hexavalent chromium for the purpose of decorative chrome plating.

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

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

Figure 4-1: Decorative Chrome Plating Timeline

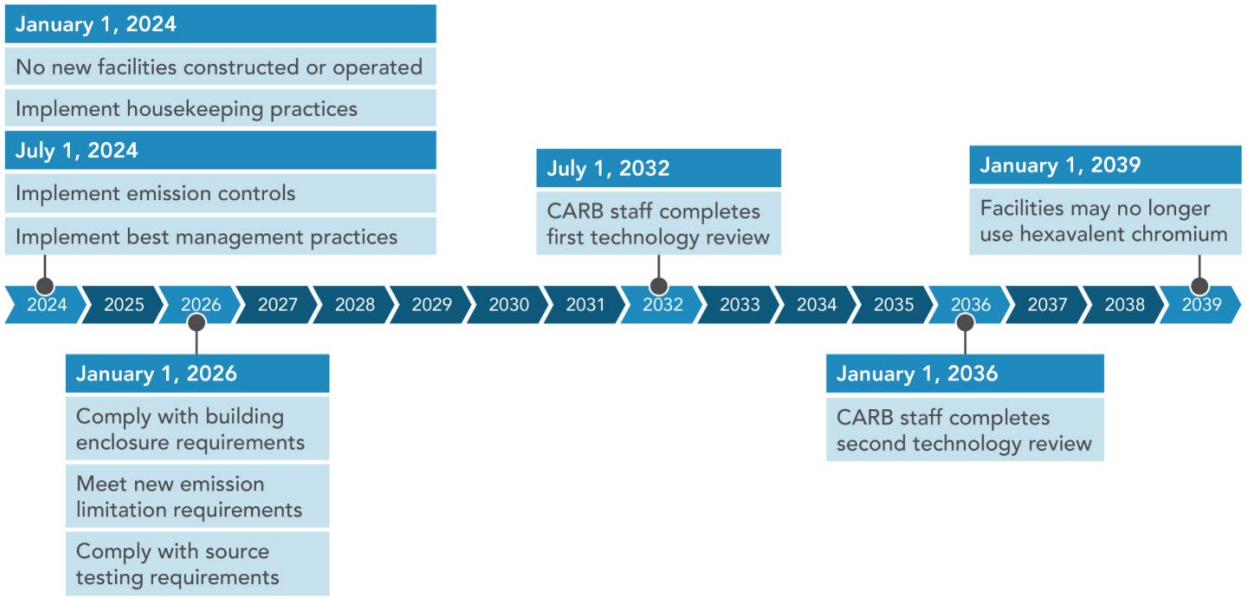


Functional chrome plating facilities, which include hard chrome plating[40] and chromic acid anodizing,[41] must stop using hexavalent chromium on January 1, 2039, with the inclusion of technology reviews prior to that date to ensure a viable replacement technology exists. Figure 4-2 illustrates the Chrome Plating ATCM requirements that apply to facilities using hexavalent chromium for the purpose of functional chrome plating.

[40] Hard Chrome Plating means a process by which a thick layer of chromium (typically greater than 1.0 micrometers) is electrodeposited on a base material to provide a surface with functional properties such as wear resistance, a low coefficient of friction, hardness, and corrosion resistance.

[41] Chromic Acid Anodizing means the electrolytic process by which an oxide layer is produced on the surface of a base material for functional purposes (e.g., corrosion resistance or electrical insulation) using a chromic acid solution.

Figure 4-2: Functional Chrome Plating Timeline



C. Projects Eligible for Funding - CAP Incentives

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

Eligible technologies include the following:

1. **Trivalent Chromium.** Conversion from hexavalent chromium to trivalent chromium (requirements per Title 17, CCR, section 93102.6 must also be met).
2. **Alternative Technology.** Alternative technology may be eligible if it does not contain hexavalent chromium and is at least as health

protective as trivalent chromium Prior to contract execution, air districts must submit to CARB Chrome Plating ATCM staff[42] the specifications of the alternative technology and a health risk assessment (HRA) which presents the potential carcinogenic and noncarcinogenic health impacts to individuals and populations according to the air district's procedures. The HRA must evaluate the health impacts for all components of the alternative technology. Components without health information cannot be used for alternative technology.

D. Eligible Participants - CAP Incentives

Public and private entities that own chrome plating facilities or operations located in California are eligible to apply. The existing chrome plating facility or operation must be located in California and must not be subject to requirements of the Cap-and-Trade Program.

E. Participant Requirements - CAP Incentives

1. **Receipt of Application.** At time of application, participants must:
   - (A) Meet federal, State, or local requirements applicable to chrome plating operations.
   - (B) Have authority to make any necessary building modifications.
   - (C) Show proof of regulatory compliance with the Chrome Plating ATCM and local rules, including a valid operating permit.
   - (D) Submit a quote from at least one independent contractor. The quote from the selected contractor does not have to match the final invoice submitted for reimbursement if additional or unanticipated costs (e.g., equipment and labor) are required for the installation. Any revision or change in costs shall be documented and agreed upon by all parties (contractor, facility, and air district).
2. **Contract Execution.** After contract execution, participants must meet the following requirements:

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

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

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

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

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

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

F. Project Life - CAP Incentives

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

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

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

Compliance Date	Type of Chrome Plating Facility
1/1/2027 or 1/1/2030[43]	Decorative
1/1/2039	Functional

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

G. Maximum Eligible Funding Amounts - CAP Incentives

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

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

Applicability	**Small Businesses**	**All Other Businesses**
Maximum total grant amount[44]	$300,000	$150,000
Maximum percentage of eligible cost ≥ 3-year project life	Up to 100% based on available funding	Up to 100% based on available funding
Maximum percentage of eligible cost 2-year project life	Up to 90% based on available funding	Up to 90% based on available funding
Maximum percentage of eligible cost 1-year project life	Up to 80% based on available funding	Up to 80% based on available funding

H. Eligible Costs – CAP Incentives

Grant funds may only pay for the following eligible costs:

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

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

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

I. Ineligible Costs - CAP Incentives

Ineligible costs include but are not limited to:

1. Non-essential hardware.
2. Operational costs including energy costs, maintenance, repairs, improvements, spare parts.
3. Extended Warranty.
4. Insurance.
5. Costs for the installation of building enclosures required by Title 17, CCR, section 93102.4 subdivision (d).
6. Data collection and reporting. Excludes initial performance tests.
7. Fees (including fees for repairs and maintenance).
8. Participant administrative costs.
9. Employee training and salaries.

10. Performance bond costs.

11. Hazardous materials permitting and site remediation.[45] Any costs for the remediation of the facility site not associated with the conversion to trivalent chromium or alternative technology.

J. Project Eligibility Criteria - CAP Incentives

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

1. General Requirements.

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

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

2. Trivalent Chromium or Alternative Technology Requirements.

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

   (B) Facilities should determine their current regulatory requirements prior to application submission. Air districts are responsible for verifying whether the project provides emissions reductions in excess of those otherwise required by law or regulation. To achieve emissions reductions in excess of those required by the Chrome Plating ATCM, a chrome plating facility must convert to trivalent chromium technology, or an alternative technology that is at least equally health protective, at least one year before the facility is required to stop using hexavalent chromium. The dates

[45] *Remediation* means any actions associated with the cleanup, treatment, or removal of buildings, soil, surface, or ground water from the use of hexavalent chromium, or other substances associated with chrome plating activities.

that facilities may no longer use hexavalent chromium for the purposes of decorative and functional chrome plating are in Table 4-1.

(C) The trivalent chromium or alternative technology must be installed at a facility located in California. Prior to installation of the trivalent chromium or alternative technology, applicable permit(s) must be issued by the air district. Installations must be completed and approved at least one year before compliance deadlines, unless the project life was shortened based on the criteria in section F of this chapter.

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

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

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

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

K. Post-Installation Inspection Requirements - CAP Incentives

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

1. **Trivalent Chromium Source Test Results.** If a facility elects to comply with Title 17, CCR, section 93102.6 subdivision (a)(1)(A), instead of section 93102.6 subdivision (a)(1)(B), the trivalent chromium technology must undergo an initial source test to verify the emission levels of total chromium. The source test must meet the requirements outlined in Title 17, CCR, section 93102.6 subdivision (a)(1)(A). The cost of the source test is an eligible cost.
2. **Trivalent Chromium Bath Components.** If the facility elects to comply with Title 17, CCR, section 93102.6 subdivision (a)(1)(B), instead of section 93102.6 subdivision (a)(1)(A), the facility must provide a record of the trivalent chromium bath components, including the trade or brand names, with the wetting agent clearly identified.
3. **Alternative Technology Test Results.** Facilities that install alternative technology must test the technology according to any applicable federal, State, and local rules and regulations.
4. **Inspection Photos.** Photos of the trivalent chromium or alternative technology and installed instrumentation used to monitor the technology.

L. Air District Requirements - CAP Incentives

CAP Incentives and Hex Chrome Funding cannot be combined, except with approval from CARB CAP Incentives staff.

Air Districts must prioritize spending Hex Chrome Funding before using CAP Incentives monies to fund eligible projects.

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

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

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

1. Application. Completed and signed application.
2. Executed contract.
3. Invoices. Invoices of the purchase and all work performed. Invoices must show details of all the equipment parts installed, labor costs, and any other costs to be funded.
4. Completed inspection documentation. The documentation that must be collected during the post-installation inspection is outlined in section K of this chapter.
5. Other Funds. Documentation of other grant funds received or approved to be received.
6. Permits. Permit(s) allowing operation of trivalent chromium or alternative technology.

M. Projects Eligible for Funding - Hex Chrome Funding

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

Air Districts must prioritize spending Hex Chrome Funding before using CAP Incentives to fund eligible projects.

N. Eligible Participants - Hex Chrome Funding

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

O. Participant Requirements - Hex Chrome Funding

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

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

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

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

   (D) Submit a quote from at least one independent contractor. The quote from the selected contractor does not have to match the final invoice submitted for reimbursement if additional work or unanticipated costs (e.g., equipment and labor) are required for the installation. Any revision or change in costs shall be documented and agreed upon by all parties (e.g., contractor, facility, and air district).

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

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

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

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

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

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

P. Project Life - Hex Chrome Funding

There is no project life requirement for Hex Chrome Funding. The air district does not have the discretion to implement a project life.

Q. Maximum Eligible Funding Amounts - Hex Chrome Funding

Table 4-3 lists the funding limits for trivalent chromium or alternative technology projects and includes a flat maximum dollar amount and a maximum percentage of the total cost of the project. The maximum percentage of the total cost of the project will be based on the following considerations:

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

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

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

Applicability	Small Businesses	All Other Businesses
Maximum total grant amount[46]	$300,000	$150,000
Maximum percentage of eligible cost – application for funding received prior to January 1, 2025	100%	Up to 100% based on available funding[47]
Maximum percentage of eligible cost – application for funding received between January 1, 2025, and April 30, 2025	Up to 100% based on available funding	Up to 100% based on available funding
Functional Chrome Platers Only Maximum percentage of eligible cost for partial conversion[48] – application for funding received prior to April 30, 2025	Up to 100% based on available funding	Up to 100% based on available funding

R. Eligible Costs - Hex Chrome Funding

Grant funds may only pay the following eligible costs:

1. Design and engineering (e.g., labor, site preparation).
2. Trivalent chromium or alternative technology.
3. Instrumentation and monitoring units.

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

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

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

4. Required building and electrical upgrades.
5. Installation.
6. Initial source tests conducted to confirm trivalent chromium or alternative technology emissions.
7. HRA that shows the alternative technology is at least as health protective as trivalent chromium.
8. Shipping and delivery costs.
9. License fees, environmental fees, commissioning fees (safety testing), onsite required safety equipment, and fees incurred during pre-contract execution (i.e., trivalent chromium or alternative technology permits, design, engineering, site preparation, HRA).
10. Handling and disposal of hexavalent chromium and hexavalent chromium contaminated materials associated with conversion to trivalent chromium or alternative technology.
11. Customer outreach and education, marketing, and project demonstration on trivalent chromium or alternative technology. Eligible demonstration projects of trivalent chromium or alternative technology will be defined in the grant agreements with the air districts.

S. Ineligible Costs – Hex Chrome Funding

Ineligible costs include but are not limited to:

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

10. Performance bond costs.

11. Hazardous materials permitting and site remediation.[49] Any costs for the remediation of the facility site not associated with the conversion to trivalent chromium or alternative technology.

T. Project Eligibility Criteria - Hex Chrome Funding

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

1. General Requirements.

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

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

2. Trivalent Chromium or Alternative Technology Requirements.

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

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

   (C) Any change in ownership must be reported to the air district within 30 days. If the facility is sold to a new owner during the contract period, the new owner must agree to abide by all existing contract terms until contract termination or for any other length of time as required in the contract or grant agreement. If

[49] *Remediation* means any actions associated with the cleanup, treatment, or removal of buildings, soil, surface, or ground water from the use of hexavalent chromium, or other substances associated with chrome plating activities.

the new owner does not agree, the original owner must repay the funds allotted to them from this program at the time of sale.

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

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

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

U. Post-Installation Inspection Requirements - Hex Chrome Funding

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

1. Trivalent Chromium Source Test Results. If a facility elects to comply with Title 17, CCR, section 93102.6 subdivision (a)(1)(A), instead of section 93102.6 subdivision (a)(1)(B), the trivalent chromium technology must undergo an initial source test to verify the emission levels of total chromium. The source test must meet the requirements outlined in Title 17, CCR, section 93102.6 subdivision (a)(1)(A). The cost of the source test is an eligible cost.
2. Trivalent Chromium Bath Components. If the facility elects to comply with Title 17, CCR, section 93102.6 subdivision (a)(1)(B), instead of section 93102.6 subdivision (a)(1)(A), the facility must provide a record of the trivalent chromium bath components, including the trade or brand names, with the wetting agent clearly identified.

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

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

V. Air District Requirements - Hex Chrome Funding

CAP Incentives and Hex Chrome Funding cannot be combined, except with approval from CARB CAP Incentives staff.

Air Districts must prioritize spending Hex Chrome Funding before using CAP Incentives to fund eligible projects.

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

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

Prior to reimbursement, a completed Uniform Commercial Code-1 Financing Statement Form[50] must be filed with the California Secretary of State listing the air district as the secured party. Air districts may impose additional requirements to address local concerns. Air districts must ensure all necessary documents are received and requirements are met, such as:

1. Application. Completed and signed application.

2. Executed contract.

[50] California State Treasury. (2024). *Uniform Commercial Code-1 Financing Statement Form*. https://bizfileonline.sos.ca.gov/forms/ucc.

3. Invoices. Invoices of the purchase and all work performed. Invoices must show details of all equipment parts installed, labor costs, and any other costs to be funded.
4. Completed inspection documentation. The documentation that must be collected during the post-installation inspection is outlined in section U of this chapter.
5. Permits. Permit(s) allowing operation of the trivalent chromium or alternative technology.
6. Updates. Provide CARB's Chrome Plating ATCM staff with an update on the status of Hex Chrome Funding by May 1, 2025, so that CARB staff can redirect unused funds.

CHAPTER 5: SENSITIVE RECEPTORS

A. Introduction

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

This chapter includes the following project types:

- School Composite Wood Products.
- Air Filtration Systems.
- School Transportation.
- Community Flag Programs.

B. General Applicant and Project Requirements

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

1. **Eligible Participants.** Eligible participants include owners of sensitive receptors as defined in Appendix D. In cases where a participant is not the owner of the location, they must provide alongside their application an executed lease agreement or letter of commitment lasting for the duration of the project life signed by the property owner or authorized representative. Each subcategory contains additional eligibility criteria as appropriate.
2. **Eligibility of Schools.** Projects may only be proposed consistent with federal law, and applicable laws, including the California Constitution, article XVI, Section 5, and article IX, Section 8, which states that no

public monies be allowed for the support of any school not under the exclusive control of the officers of the public schools. CARB may address any interpretation issues with these clauses via a mail-out. Eligibility of projects for private or charter schools are dependent on the scope of the project and must be made through a determination request to CARB as described in Chapter 3.

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

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

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

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

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

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

Protection Incentives 2019 Guidelines[51] or when applicable CARB's quantification methodologies and calculator tools and co-benefit assessment methodologies[52]. CARB may provide additional tools as necessary to aid air districts in quantifying project benefits.

C. School Composite Wood Products

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

This project type pays a portion of the cost to replace damaged or aging school furniture with new furniture that contains composite wood made with no-added formaldehyde (NAF) glue or ultra-low emitting formaldehyde (ULEF) glue, thus decreasing the potential for indoor formaldehyde emissions in classrooms. This would provide additional formaldehyde emissions reductions beyond those achieved from composite wood board that complies with the CARB Airborne Toxic Control Measure to Reduce Formaldehyde Emissions from Composite Wood Products (Composite Wood Products ATCM),[53] but which may still emit small amounts of formaldehyde because of the glue used to make the composite board.

CARB's Composite Wood Products ATCM regulates formaldehyde emissions in composite wood products. In 2017, the U.S. EPA adopted the Toxic Substances Control Act (TSCA)[54] Title VI regulation to reduce formaldehyde emissions from composite wood products for sale in the U.S. The TSCA

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[51] California Air Resources Board. (2020). *Quantitative Methodologies to the Community Air Protection Incentives 2019 Guidelines.* https://ww2.arb.ca.gov/sites/default/files/2020-05/2019_cap_gl_qm.pdf.

[52] California Air Resources Board. (2025). *California Climate Investments Tools.* www.caclimateinvestments.ca.gov/reporting-tools

[53] California Air Resources Board. (2007). *Airborne Toxic Control Measure to Reduce Formaldehyde Emissions from Composite Wood Products.* https://www.arb.ca.gov/regact/2007/compwood07/fro-final.pdf?_ga=2.261334733.1927991132.1706130108-347013373.1704921860.

[54] Toxic Substances Control Act. (15 U.S.C.). http://uscode.house.gov/view.xhtml?path=/prelim@title15/chapter53&edition=prelim.

regulation is based on CARB's ATCM, although there are differences. As of March 22, 2019, all composite wood products sold in the U.S. must be TSCA-compliant; meaning that manufacturers must meet the formaldehyde emission standards[55] and be certified by a CARB-approved third-party certifier that is also recognized by U.S. EPA. Since the formaldehyde emission standards are identical in both regulations, CARB will allow products labeled as being TSCA-compliant to be sold in California. CARB continues to enforce the ATCM within California.

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

2. **Funding Amounts.** The funding levels presented in Table 5-1 are to cover the incremental cost between purchasing equipment made with NAF or ULEF glues compared to the cost of purchasing equipment that complies with the formaldehyde emission standards in the ATCM.

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

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

3. **Project Eligibility Requirements.**

   (A) The applicant must solicit and select replacement composite wood products through a competitive bidding process, and the air district must approve the selection. There must be a minimum

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

of two competitive bids. Air districts must ensure that all costs are reasonable and appropriate upgrades to cleaner technology.

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

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

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

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

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

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

(A) Old equipment:

(1) Type of furniture/furnishing.

(2) Name of manufacturer, if known.

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

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

(B) New equipment:

(1) Name of manufacturer and vendor.

(2) Date the equipment was produced.

(3) Type of furniture/furnishing.

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

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

(6) Qualitative description of use and location.

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

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

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

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

D. Air Filtration Systems

Air filtration reduces the concentration of particulate contaminants from indoor air and is an important component of buildings' heating ventilation and air conditioning (HVAC) systems. Reducing airborne particles (such as PM 2.5) is important because PM negatively impacts human health, especially for individuals located near sensitive receptors such as schools or hospitals. Older HVAC systems used in some locations only remove a small fraction of particles in the air with diameters smaller than 0.3 micrometers. More efficient HVAC air filters and standalone air cleaners are important for creating healthier air in school classrooms, senior living homes, single-family and multi-unit dwellings and residences, community centers, and other sensitive receptors where community members gather.

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

for Removal Efficiency by Particle Size.[56] ASHRAE recommends indoor CO_2 levels not exceed the outdoor concentration by more than about 600 ppm.

1. **Eligible New Equipment.**

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

   (B) Standalone air ventilation unit with a MERV of 14 or greater and with a noise threshold at or below 45 decibels. Portable air cleaning units must have a clean air delivery rate (CADR) for tobacco smoke (0.09-1.0 µM) or CADR equivalent manufacturer's rating for filtration that is appropriate for the size of the room the unit will operate in.

2. **Funding Amounts.** Maximum funding amounts are included below in Table 5-10. Air districts may set lower maximum funding amounts at their discretion.

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

Type of Equipment	**Funding Amount[57]**
Air Filters	Up to 100%
Standalone Systems	Up to 100%

3. **Eligible Costs.** Eligible costs may include but need not be limited to:

   (A) Initial installation including material and labor.

   (B) Performance of an impact assessment as described in Section E.7.(A).

[56] ASHRAE. (2017). *Method of Testing General Ventilation Air-Cleaning Devices for Removal Efficiency by Particle Size,* Table 12-1. https://www.ashrae.org/File%20Library/Technical%20Resources/COVID-19/52_2_2017_COVID-19_20200401.pdf.

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

(C) Replacement air filter panels.

(D) The purchase cost plus sales tax of standalone units.

(E) Indoor and outdoor monitoring units to collect usage data.

(F) Shipping and delivery costs.

(G) Any regular maintenance costs that will be incurred over the course of the project life, based on the manufacturer's recommended maintenance schedule.

4. **Ineligible Costs.** Ineligible costs may include utility costs, and labor for device operation, unplanned or unscheduled maintenance, and monitoring.

5. **Eligible Participants.** Eligible applicants include the following types of sensitive receptors as defined in Appendix D:

(A) Publicly owned schools or public school districts.

(B) Daycare or childcare centers, including preschools.

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

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

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

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

7. **Project Criteria.**

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

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

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

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

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

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

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

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

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

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

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

(1) Manufacturer.

(2) Model.

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

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

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

(6) Filter material, if known.

(7) Frequency of filter changeout, if applicable.

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

(1) Annual hours used (e.g., kilowatt-hour).

(2) Manufacturer.

(3) Model number.

(4) MERV rating.

(5) Pollutant removal efficiency (percentage).

(6) Type of system.

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

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

(9) Warranty.

(C) HVAC system assessment.

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

9. **New Equipment Information.** Except for projects to purchase standalone filters at residential locations, the air district must perform a post-inspection prior to payment of grant funds. The information below must be collected on the application and verified during the post-inspection. The inspection form should include photographs that clearly show important labelling on HVAC systems, standalone units or replacement air filters, and location of filters by room alongside a map or floorplan noting the location of each room and filter panel or

standalone unit. The inspection form may also include copies of invoices that contain the new filter rating, and contractor's and/or installer contact information (including installation date, inspector's name, and school name).

(A) Air Filters:

(1) Manufacturer.

(2) Model.

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

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

(5) Size.

(6) Filter material.

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

(B) Standalone Air Filtration System:

(1) Manufacturer.

(2) Model number.

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

(4) CADR.

(5) Pollutant removal efficiency (percentage).

(6) Type of system.

(7) Ventilation rate.

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

(9) Service/maintenance.

(10) Warranty.

10. **Reporting.** With the exception of standalone air ventilation units in private residences and households, participants must report the following information annually:

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

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

E. Community Flag Programs

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

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

   (A) Schools or school districts.

   (B) Daycare or childcare centers, including preschools.

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

2. **Funding Amounts.**

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

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

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

      (1) Supplies and materials.

      (2) Construction costs.

(3) Installation costs.

(D) Ineligible costs include the following:

(1) Ongoing project maintenance.

(2) Utility costs.

3. **Participant Requirements.**

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

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

(C) Participants are responsible for ensuring their projects comply with applicable building code and California Department of General Services Division of the State Architect (DSA) requirements,[58] specifically:

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

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

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

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

[58] Division of the State Architect. (2023). *Construction Projects and Items Exempt from DSA Review.* https://www.dgs.ca.gov/DSA/News/Page-Content/Division-of-the-State-Architect-News-List-Folder/Revised-IR-A-22.

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

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

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

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

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

(A) Criteria detailing the application process.

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

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

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

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

(F) Air districts must specify a project life or contract period during which participants must agree to maintain their Community Flag

Program. During this period, the participant must agree to the following provisions:

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

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

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

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

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

(B) Suitable methods of estimation will depend on the type of location. For example, the number of children in the case of schools, daycares, or other locations that cater to children.

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

F. School Transportation Projects

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

Below are listed a variety of related incentives for schools and school buses, including mention of school bus vehicle replacements and related

charging/fueling infrastructure, both of which are currently eligible in CAP Incentives through existing Moyer Program eligibility.

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

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

3. **Other Related School Bus Incentives.** The following incentives are for other, related programs, and are not eligible for use with CAP Incentives; however, we encourage air districts and their community partners to coordinate the use of CAP Incentives with money from these other programs, to the extent authorized by law, to extend the reach of State dollars and benefit as many schools as possible. CARB routinely updates school bus funding efforts on its Funding for Clean School Buses webpage.[59]

    (A) Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP):[60] HVIP provides fleet owners the opportunity for point-of-purchase vouchers to offset the increased cost of advanced technology heavy-duty on-road vehicles compared to their conventional counterparts. School buses are eligible for purchase under HVIP.

    (B) Clean Mobility in Schools Pilot Project (CMIS):[61] CMIS is part of the California Climate Investments for Clean Transportation Incentives. Public kindergarten through 12th grade schools deploying a range of clean mobility options such as light- and heavy-duty, zero-emission vehicles, charging infrastructure, active

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

transportation projects like bike sharing and vouchers for public transit, anti-idling measures, and zero-emission L&GE, will compete for funding. Outreach and awareness are also important aspects of this project. The project initially granted $77 million across four school districts in 2019, and a Request for Application recently closed in November 2023 to select applicants for an additional $33 million in funding.

(C) Lower-Emission School Bus Program (LESBP):[62] The LESBP allows air districts to spend their locally available funding on purchases of new diesel, alternative-fuel, and zero-emission school buses.

(D) CEC School Bus Replacement Program:[63] The California Energy Commission implements its own school bus replacement program, in conjunction with its efforts to fund zero-emission charging infrastructure. The program also focuses funding in disadvantaged and low-income communities.

(E) CEC EnergIIZE Program:[64] In conjunction with its funding of school bus purchases, the CEC EnergIIZE Program provides funding for zero-emission charging infrastructure for all types of heavy-duty on-road vehicles, including school buses.

(F) Federal Clean School Bus Program:[65] The U.S. EPA also has a country-wide program for grants to purchase zero-emission school buses. The application period to apply for the initial $400 million in funding closed in August 2023, but the U.S. EPA anticipates future funding opportunities through the program.

(G) Federal Diesel Emission Reduction Act:[66] Federal funding for diesel and zero-emission school bus purchases is also available through its Diesel Emission Reduction Act.

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

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CHAPTER 6: COMMUNITY-IDENTIFIED PROJECTS

A. Introduction

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

For communities selected to develop a Board-approved CERP, air districts may create Project Plans for community-identified projects. Where feasible, actions in a CERP shall also be eligible for an abbreviated and streamlined approval process that will avoid delaying CERP implementation and realize the benefits of improving public health in AB 617 communities. CARB will continue to work with air districts to refine the streamlined approval process to achieve the goals and requirements of both AB 617 and the enabling funding legislation.

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

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

B. Evaluation Process

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

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

Air districts must also ensure a Project Plan follows the CAP Incentives requirements for process transparency and accountability to communities. Where a Project Plan may address a source already covered by other chapters of the CAP Incentives Guidelines (e.g., a mobile source measure in a CERP), CARB staff may request the air district to provide additional justification for points of difference. Air districts must obtain final approval of a Project Plan from CARB staff prior to implementation. The list of approved Project Plans will be posted on CARB's CAP Incentives website[67] or other publicly accessible locations as appropriate.

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

1. **Scoping Meeting.** Air district should meet with CARB in a project scoping meeting.
2. **Project Plan Submission.** Air district must submit a proposed Project Plan.

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

3. **Initial Review.** CARB reviews Project Plan for completeness and provides preliminary comments to air district.

4. **Subsequent Follow-up and Additional Review.** If necessary, air district submits additional information in response to comments and CARB conducts additional review.

5. **Final Review.** Once CARB deems the Project Plan complete, CARB has 30 days for review and approval/denial.

6. **Approve or Deny Project Plan.** The approval notice will include a short narrative of the actual project, identification of the air district, the affected community, and other details, as considered pertinent. A similar notice would be provided in the event of a project denial. The notices will be posted on CARB's CAP Incentives website or other publicly accessible locations as appropriate for accountability and transparency.

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

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

C. General Criteria

1. All projects must conform to the requirements in Chapters 2 and 3 and Sections B through D of this chapter. Participating air districts retain the discretion to consider additional requirements to address local concerns.

2. Project Plans must identify the measure in the applicable approved CERP that the Project Plan will support.

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

4. If a qualitative benefit is not identified as an established benefit in the CCI Funding Guidelines, CARB must approve it prior to inclusion in a Project Plan. CARB will evaluate qualitative benefits based on impacts to the environment, local health concerns and impacts, and socioeconomic factors.

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

D. Project Identification

1. Air districts must identify the specific CERP strategy for which they're developing a Project Plan.

2. Air districts must include a broad description of the project category that includes identification of specific benefits.

   Examples:

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

E. Community Support

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

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

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

   (C) Air districts may include documentation such as letters, emails, meeting minutes, and other public outreach documents to demonstrate support. Note that individuals who are CARB advisory body members are prohibited from writing letters or engaging in other communications to CARB to influence a CARB decision on a grant, per California Government Code Section 87104.[68]

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

F. Participant Requirements

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

   Example:

[68] Gov. Code § 87104. https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=87104.

- *A residential air filtration category where individual residents of affected communities are eligible to apply for vouchers that pay the cost of new indoor air filters.*

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

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

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

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

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

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

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

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

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

3. Air districts should obtain written proof of any required certification/verification by the U.S. EPA or CARB for any technology that reduces emissions.

G. Funding Amounts

1. Air districts must specify the maximum funding amount for each type of project in a Project Plan. This must include clearly defined factors that will affect the incentive amount offered for each project. Factors may include one or more of the following:

   (A) Total dollar cap.

(B) Maximum percentage of eligible cost.

(C) Cost-effectiveness cap determined by the air district and affected communities.

(D) Usage.

2. Air districts should consider limiting funding amounts to the incremental cost of projects, i.e., the cost of a project incurred beyond the normal course of business for an applicant.

3. If applicable, Project Plans should include a list of eligible and ineligible costs for the project category type.

4. Air districts must include a description of the anticipated project life and the factors used to determine that project life.

H. Project Selection

1. The air district's criteria for project selection must be documented in the Project Plan.

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

I. Reporting Requirements

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

J. Quantification of Emissions Reductions

1. Project Plans must contain emissions reduction or exposure reduction targets where applicable. Emissions and exposure reduction targets are specific, numeric goals for future compliance and deployment of technology and/or control techniques. Emissions and exposure reduction targets may also include an estimate of the number of community members that may benefit from a given project over time. These targets must be developed in consultation with the community steering committee.

2. Project Plans must outline the emissions reduction and exposure reduction benefits or other benefits the project will provide to the selected community. If an emissions reduction methodology cannot be developed, the established CCI Funding Guidelines Benefit Criteria Tables must be used to document the qualitative benefits of the project.

K. Qualitative Benefits

1. As outlined in the CCI Funding Guidelines, air districts must identify applicable qualitative benefits of the project category type. These benefits may include social, economic, and environmental benefits. Examples include, but are not limited to, the following:
   (A) Fostering job creation.
   (B) Improving air quality.
   (C) Lessening the impacts and effects of climate change.
   (D) Improving connectivity between travel modes.
2. Where applicable, air districts are encouraged to work together to identify standard qualitative benefits for project categories of common interest.
3. If a qualitative benefit is not identified as an established benefit in the CCI Funding Guidelines, CARB staff will need to approve it prior to inclusion in a Project Plan. CARB approval will be based on impacts to the environment, local health concerns and impacts, and socioeconomic factors.
4. Projects intended by air districts to reduce exposure must reduce exposure beyond all applicable rules, regulations, or standards. Air district must identify the exposure metrics used for the project category.
5. Project categories with emission or exposure reductions should include a cost-benefit calculation or benchmark, and a threshold, if applicable.
6. Air districts are encouraged to use existing cost-effectiveness methodologies from relevant programs (e.g., the Moyer Program) or existing cost-benefit analyses where applicable. A cost-benefit calculation should include the following elements:
   (A) Sufficient information for calculation of costs and benefits of projects within the category such that two projects may be

compared or ranked, to determine the relative benefit per dollar expended. Where possible, a benchmark figure for comparison of relative values should be determined.

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

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

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

L. Modifying Existing Approved Project Plans

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

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

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

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

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

3. Air districts may view a listing of all Project Plans approved by CARB on CARB's *Stationary Source and Community-Identified Projects*[69] webpage.

[69] California Air Resources Board. (2024). *Stationary Source and Community-Identified Projects.* https://ww2.arb.ca.gov/our-work/programs/community-air-protection-incentives/stationary-source-and-community-identified.

4. Air districts must use the *Request to Use or Modify Approved Community-Identified or Stationary Source Project Plans*[70] form and submit to CARB staff for approval prior to implementing any projects.

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

[70] California Air Resources Board. (2021). *Request to Use or Modify Approved Community-Identified or Stationary Source Project Plans.* https://ww2.arb.ca.gov/resources/documents/mscditab-223-request-use-or-modify-approved-community-identified-stationary.

CHAPTER 7: STATIONARY SOURCE PROJECTS

A. Introduction

This chapter expands the eligibility of stationary source project types beyond those at hexavalent chromium plating facilities (Chapter 4) and Sensitive Receptors (Chapter 5). The stationary source project portion of this chapter gives air districts the flexibility to fund stationary projects that address air pollution without the adoption of additional chapters in the CAP Incentives Guidelines. Stationary source projects are not restricted to those communities with a CERP.

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

B. Evaluation Process

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

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

Air districts must also ensure a Project Plan follows the CAP Incentives requirements for process transparency and accountability to communities. Where a Project Plan may address a source already covered by other chapters of the CAP Incentives Guidelines (e.g., projects to incentivize cleanup of hexavalent chromium emissions in a particular air district's chrome plating facilities that diverge from CARB's existing criteria in Chapter 4 of these Guidelines), CARB staff may request the air district provide additional

justification for points of difference. Air districts must obtain final approval of a Project Plan from CARB staff prior to implementation. The list of approved Project Plans will be posted on CARB's CAP Incentives website or other publicly accessible location as appropriate.

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

1. **Scoping Meeting.** Air district should meet with CARB in a project scoping meeting.
2. **Project Plan Submission.** Air district must submit a proposed Project Plan.
3. **Initial Review.** CARB reviews Project Plan for completeness, and provides preliminary comments to air district.
4. **Subsequent Follow-up and Additional Review.** If necessary, air district submits additional information in response to comments and CARB conducts additional review.
5. **Final Review.** Once CARB deems the Project Plan complete, CARB has 30 days for review and approval/denial.
6. **Approve or Deny Project Plan.** The approval notice will include a short narrative of the actual project, identification of the air district, the affected community, and other details considered pertinent. A similar notice would be provided in the event of a project denial. The notices will be posted on CARB's CAP Incentives website or other publicly accessible locations as appropriate for accountability and transparency.
7. **Publish Approved Plans.** Once CARB notifies an air district of a Project Plan's approval, the air district must publish their approved Project Plan in a publicly accessible location on its website. CARB will list all approved Project Plans on the CAP incentives website or other publicly accessible locations as appropriate with a link to the air district's Project Plan. Approved Project Plans can serve as a reference for other air districts to use when creating and submitting Project Plans, which may streamline the evaluation and approval process (e.g., air districts could use project details from an approved plan in their own plan). Air districts

would still be required to address community-specific issues such as establishing community support.

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

C. General Criteria

1. The existing stationary equipment/source must be located in California, and the owner must not be subject to the requirements of the Cap-and-Trade Program.
2. All projects must conform to the requirements in Chapters 2 and 3, and Sections B through D of this chapter.
3. Air districts may not begin implementing projects according to a Project Plan until CARB approves that plan, though CARB may grant exceptions in cases where an air district substantiates both the need for swift action, and clearly documented support from the relevant community.
4. Participating air districts retain the authority to impose additional requirements to address local concerns.
5. Projects must address stationary sources of air pollution.
6. Projects must reduce emissions of and/or limit exposure to criteria air pollutant and/or TAC emissions by replacement of equipment.
7. Projects must reduce emissions beyond existing requirements or in advance of regulatory deadlines. Air districts must clearly identify all federal, State, and local rules/regulations that apply, the existing regulatory requirements, and the effective dates of those requirements.

D. Project Identification

1. Air districts should include the source classification code or unit type code (if available) in the project's description. The source classification code or unit type code can be in the form of related permits or emission inventory code associated with each emission source.
2. Air districts must include a broad description of the project category that includes identification of specific benefits.

   Examples:

- *Replacement: A new category allowing the air district to replace an older piece of equipment like a stationary diesel generator with a new piece of equipment and then scrapping the older equipment.*
- *Process Improvements: Improvements to processes that will result in emission or exposure reductions or related qualitative benefits beyond those required by regulation. This may include removal of emissions, capture of emissions, redirection of emissions away from sensitive receptors, efficiency improvements that result in a reduced need to produce emissions in the first place, and other such strategies as applicable.*

E. Community Support

1. Air districts must show that projects reflect the needs of affected communities. A crucial component to establishing community support for projects is ensuring community members have sufficient opportunities to voice their concerns/support at public meetings. Each Project Plan must include a description of the mechanism by which air districts demonstrate community support and information regarding the community group(s) (e.g., schools, civic group, senior groups, etc.). The information should include, but need not be limited to, the following:
   (A) Name(s) of the community group(s).
   (B) A description of the group's decision-making process must be included. If the community group has a governing board, the Project Plan must include a summary of the voting process.
   (C) Air districts may include documentation such as letters, emails, meeting minutes, and other public outreach documents to demonstrate support.
2. Air districts must include in the Project Plan a description of the mechanism by which they will inform community members about project details including dollars spent and project benefits.

F. Participant Requirements

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

   Example:

- *Public and private entities that own stationary source equipment or are authorized to make modifications to stationary sources are eligible to apply.*

2. Air districts should identify all relevant participant requirements. Participant requirements should include, but are not limited to including, the following:

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

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

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

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

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

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

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

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

3. Air districts should obtain written proof of any required certification/verification by the U.S. EPA or CARB for any technology that reduces emissions.

G. Funding Amounts

1. Air districts must specify the maximum funding amount for each type of project in a Project Plan. This must include clearly defined factors that will affect the incentive amount offered for each project. Factors may include one or more of the following:

   (A) Total dollar cap.

(B) Maximum percentage of eligible cost.

(C) Cost-effectiveness cap determined by the air district and affected communities.

(D) Usage.

2. Air districts should consider limiting funding amounts to the incremental cost of projects, i.e., the cost of a project incurred beyond the normal course of business for an applicant.

3. If applicable, Project Plans should include a list of eligible and ineligible costs for the project category type.

4. Air districts must include a description of the anticipated project life and the factors used to determine that project life.

H. Project Selection

1. The air district's criteria for project selection must be documented in the Project Plan.

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

I. Reporting Requirements

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

J. Quantification of Emissions Reductions

1. If CARB staff have approved a methodology to quantify the criteria air pollutant or TAC emissions reductions for a project category type, then the air district should refer to that methodology in the Project Plan.

2. If there is not yet a CARB-approved methodology to quantify emissions reductions for a project category type, then the air district should work with CARB to develop one that can be included in the Project Plan. CARB staff encourages air districts to consult one another on development of any quantification methodology needed for a category

of common interest. This will expedite the review and approval process and enable use by multiple air districts.

K. Qualitative Benefits

1. As outlined in the CCI Funding Guidelines, air districts must identify applicable qualitative benefits of the project category type. These benefits may include social, economic, and environmental benefits. Examples include, but are not limited to, the following:
   (A) Fostering job creation.
   (B) Improving air quality.
   (C) Lessening the impacts and effects of climate change.
   (D) Improving connectivity between travel modes.
2. Where applicable, air districts are encouraged to work together to identify standard qualitative benefits for project categories of common interest.
3. If a qualitative benefit is not identified as an established benefit in the CCI Funding Guidelines, CARB staff will need to approve it prior to inclusion in a Project Plan. CARB approval will be based on impacts to the environment, local health concerns and impacts, and socioeconomic factors.
4. Projects must reduce exposure beyond all applicable rules, regulations, or standards. Air district must identify the exposure metrics used for the project category.
5. Project categories should include a cost-benefit calculation or benchmark, and a threshold if applicable.
6. Air districts are encouraged to use existing cost-effectiveness methodologies from relevant programs (e.g., the Moyer Program) or existing cost-benefit analyses where applicable. A cost-benefit calculation should include the following elements:
   (A) Sufficient information for calculation of costs and benefits of projects within the category such that two projects may be compared or ranked, to determine the relative benefit per dollar expended. Where possible, a benchmark figure for comparison of relative values should be determined.

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

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

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

L. Inspection Requirements

1. Air districts must identify pre- and post-inspection criteria for the project, if applicable.

2. Air districts are encouraged to use existing pre- and post-inspection criteria from relevant programs (e.g., the Moyer Program) where applicable.

3. For projects involving the replacement of engines or equipment, pre-inspection must verify the operational condition of the existing engine or equipment. Post-inspection of the engine or equipment to be replaced must be completed prior to the disbursement of funds to the grantee.

4. Pre- and post-inspections of engines or equipment may be conducted through digital means so long as they meet all the criteria requirements outlined in Chapter 3, Sections R and S.

M. Engine or Equipment Destruction Requirements

1. Emissions reductions may only be considered creditable to the State Implementation Plan if the Project Plan includes an applicable CARB-approved emissions reduction quantification methodology that ensures reductions are surplus, quantifiable, enforceable, and permanent.

2. Air districts that include destruction of an engine or equipment as an element of a Project Plan must identify the required items for the pre- and post-inspections. Air districts must verify the existing engine or

equipment is destroyed and rendered permanently inoperable and irreparable consistent with previously stated requirements. Air districts must also verify and document through photographic or video evidence that the destroyed engine or equipment is consistent with the project contract.

N. Modifying Existing Approved Project Plans

1. Upon CARB's approval, an air district may adopt and/or revise a Project Plan that CARB has previously approved.
2. Scope of revisions include, but need not be limited to, any combination of the following:
   (A) Expanding an existing Project Plan previously submitted by that air district for use in additional selected communities.
   (B) Adopting an existing Project Plan submitted by another air district.
   (C) Modifying elements within an approved Project Plan based on new guidance from communities.
3. Air districts may view a listing of all Project Plans approved by CARB on CARB's *Stationary Source and Community-Identified Projects* webpage.
4. Air districts must use the *Request to Use or Modify Approved Community-Identified or Stationary Source Project Plans* form and submit to CARB staff for approval prior to implementing any projects.
5. CARB will review and approve submitted forms in a manner consistent with Section B of this chapter.

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CHAPTER 8: LOCAL AGENCY PARTNERSHIP PROJECTS

A. Introduction

Partnerships with local and regional entities are an important component of the development and implementation of a CERP, and even statewide air districts must often partner with other agencies to address its communities' priority concerns regardless of whether CARB has selected a community for development of a CERP. Local jurisdictions, municipalities, as well as local and regional transportation agencies, are key partners that make land use and transportation decisions and implement sustainable transportation measures and infrastructure projects, such as route planning and safety related measures.

Local agency partnership projects should aim to build community capacity, increase engagement among the community, air district, and relevant local and regional agencies, and inform complimentary and subsequent exposure reduction strategies. Local agency partnership project funds can be used to support implementation of identified actions through research contracts, project costs, and cost sharing with cities or local partners. Examples of local agency partnership projects include, but are not limited to, studies to inform infrastructure planning for bicycle and pedestrian modes, route identification and planning for truck and freight goods movement, and support for measures to increase access to public transit.

B. Related Approved Air District Project Plans

1. Truck Rerouting Study submitted by San Joaquin Valley Air Pollution Control District.
2. Road Improvements, Sidewalk Installation, and Bike Paths submitted by San Joaquin Valley Air Pollution Control District.

C. Projects Eligible for Funding

1. Eligible local agency partnership projects include, but are not limited to:

(A) Research contracts to support local sustainable transportation planning.

(B) Cost-sharing for planned or existing active transportation projects.

(C) Land-use related exposure reduction measures.

2. Projects should inform emission reduction or exposure reduction strategies, though such strategies need not be included in the scope of a project.

D. Eligible Participants

Eligible participants include cities, counties, transportation agencies, publicly owned municipalities, and other local government agencies.

E. Participant Requirements

1. Participants may request payment on a reimbursement basis and must first demonstrate that they have met project milestones specified in the project's contract and/or scope of work.
2. Participants must agree to terms set by the air district in the grant contract, including project milestones, scope of work, and solicitation and hiring requirements should the project require the services of a subcontractor.
3. Participants must agree to participate in public meetings in order to receive feedback and guidance from the affected community.
4. Participants must demonstrate that projects reflect priorities identified by the affected community.

F. Project Life

The minimum project life is one year, but air districts must set the project life for projects at a value consistent with the project's intended scope of work. For example, an air district partnering with a local county agency to implement a CERP strategy relating to land-use practices may choose to set the project life at five years, consistent with the general timeline for implementing a CERP required by AB 617.

G. Maximum Eligible Funding Amounts

Participants are eligible to receive up to 100% of the eligible cost of projects.

H. Eligible Costs

Eligible project costs include, but need not be limited to, the following:

1. Supplies, equipment, and materials.
2. Research products (including technical reports, white papers, or public data).
3. Labor and construction (including contracted services, mobilization, and traffic control).
4. Meetings, signs, and interpretive aids communicating information about the project.
5. Reimbursement of subcontractors employed on behalf of participating local agencies to perform needed work.
6. Other direct project implementation costs are eligible except as described in Section I, below, though air districts should focus funding to cover eligible project costs where possible.

I. Ineligible Costs

Ineligible costs include, but may not be limited to, the following:

1. Direct project implementation costs, as defined in Chapter 3, Section E.1.(A), associated with the participant's normal business operations. For example, this would include the cost of performing duties the participant is already statutorily mandated to perform and the manner in which they would normally perform them.
2. Indirect project implementation costs, also referred to as administrative costs, as defined in Chapter 3, Section E.1.(B), and incurred by the participant in the normal course of business operations, such as costs of renting office space or printing and mail services that are not directly and fully incurred to support the project.

J. Project Eligibility Criteria

Projects must contain a scope of work, specific project milestones, and whether or not the project will result in any emissions reduction, exposure reduction, or other qualitative benefits, if applicable.

K. Post Inspection

1. If a project's scope of work includes the purchase of any equipment, the air district must post-inspect such equipment to ensure it is operational and working as intended. The air district may stipulate the specific elements of the inspection in the project contract depending on the nature of the equipment, but should include the following elements as applicable:
   (A) Cataloging relevant equipment details such as serial numbers, manufacturers, or make and model.
   (B) Photographing the equipment to show pertinent details, consistent with what the air district catalogs in subsection (A), above.
2. For work products such as research or policy documents, reports, technical information, or similar kinds of project deliverables, air districts must review such documents to ensure they meet the project's needs stipulated in its scope of work or project contract.

L. Air District Requirements

1. Air districts must show that projects reflect priorities identified by the affected community. Note that the affected community need not have adopted an approved CERP for an air district to implement these projects.
2. Air districts must ensure the scope of work and project contract includes demonstration of community support for the project and must include opportunities for community members to voice their concerns/support at public meetings. Air districts should design and implement these projects in partnership with the relevant community.

3. Air districts must reimburse participants as stipulated in the project contract or scope of work in a timely manner, provided that the air district deems the participant has completed the project.

M. Reporting Requirements

1. Air districts are required to collect and report all information as outlined in Chapter 3, Section H.
2. Participants must ensure that project-related information is complete, correct, supported by documentation, and supplied to the air district upon request for the preparation of reports. This documentation must also be made available to CARB staff upon request.

N. Emission Reductions and Quantification Methodology

1. The product of local agency partnership projects can take the form of recommendations to inform existing local measures and/or complimentary subsequent exposure reduction strategies identified in a CERP. Therefore, these projects may not necessarily have direct emission reduction or exposure reduction benefits. Air districts should articulate the qualitative benefits, such as improving the health and well-being of the residents or increasing access to cleaner transportation and healthier alternatives, in the project's scope of work or contract. Projects should also describe and outline pathways for implementing recommendations or outputs from the project, and the method by which the air district and participant will share that information with members of the affected community.
2. The CCI Funding Guidelines Benefit Criteria Tables do not identify a qualitative benefit for this measure. However, should the results of a local agency partnership projects result in recommendations to reduce resident's exposure to emissions which are subsequently implemented, this measure may have direct emissions benefits. Any analysis of proposed targets should include the potential for shifting emissions to another community or resulting in a significant impact to regional air quality through an increase in vehicle miles traveled (VMT). Any benefits, presented in the form of recommendations and as described above must be adopted and implemented by the responsible entities to achieve the expected reductions in exposure within the community.

3. Air districts may choose to use an approved CARB quantification methodology, if applicable[71]. For example, if the project includes emission reduction targets or benefits, the proposal should use the latest version of the CARB Clean Mobility Quantification Methodology. Active Transportation is the calculation of emission reductions from displaced autos. The air district will calculate bicycle, pedestrian, and complete streets infrastructure (e.g., crosswalks, sidewalks, bikeways) using the Active Transportation calculation methodology used for Clean Mobility.

[71] California Air Resources Board. (2025). California Climate Investments Tools. www.caclimateinvestments.ca.gov/reporting-tools

CHAPTER 9: DIAL-A-RIDE VEHICLE REPLACEMENT PROJECTS

A. Introduction

Dial-A-Ride services are innovative transit services that provide door-to-door transportation within city limits and extend to outer-city areas. This is a low-cost transportation option for community residents and visitors including the elderly and those with limited mobility. Replacing gasoline powered transit vehicles is important to reduce the public's exposure to pollutants that negatively impact human health, especially for sensitive populations such as children and the elderly. Overburdened communities often lack the infrastructure to support zero-emission vehicles and the transportation needs of the community. Zero-emission transit vehicles would enable residents to continue using Dial-A-Ride services while also reducing emissions.

B. Related Approved Air District Project Plans

1. Transit Vehicle Replacement Program for Dial-A-Ride Emission Reduction Program Plan submitted by San Joaquin Valley Air Pollution Control District.

C. Projects Eligible for Funding

Projects to replace old transit vehicles operated by an existing Dial-A-Ride service with a new zero-emission or plug-in hybrid vehicle are eligible for funding.

The Dial-A-Ride replacement vehicles must have a gross vehicle weight rating (GVWR) of 6,001 pounds or greater, but the actual GVWR will depend on the specific needs of the community being served.

Dial-A-Ride includes on-demand shuttles and circulators, paratransit services, and private sector transit solutions commonly referred to as "microtransit." Microtransit services are demand-responsive (routes and/or frequency of service are determined dynamically based on customer demand) and capable of serving multiple riders simultaneously (not only a single rider service).

D. Eligible Participants

Eligible participants include any public agency or entity that provides door-to-door transportation services within city limits and extending to outer-city areas, or other microtransit services described above.

E. Participant Requirements

1. The participant must meet the following requirements:
   - (A) Must currently operate a Dial-A-Ride service that provides service within the air district.
   - (B) Must have owned the old vehicle(s) for the past 24 months at minimum.
   - (C) Must not purchase, make down payments, or take possession of the new vehicle(s) under funding consideration prior to an executed grant agreement.
   - (D) Must be in compliance at the time of application and continue to be in compliance with applicable local, State, and federal rules and regulations.
   - (E) Must agree to operate and maintain the new vehicle(s) for the duration of the project life.
   - (F) Must remain the owner of the new vehicle(s) for the life of the project.
   - (G) Must agree to comply with all the air district's General Provisions and Insurance Requirements.
   - (H) Must submit annual reports with copies of current registration and insurance to the air district through the full project life, as well as comply with recordkeeping and audit requirements.
   - (I) Must agree to surrender the old and operational vehicle(s) to an air district approved dismantler for scrapping.
   - (J) Must properly maintain the new vehicle(s) in good operating condition and according to manufacturer's recommendations.
   - (K) Must agree to allow the air district, CARB, or their representative(s) to inspect the new vehicle(s) upon request at any time for the duration of the project life.

F. Dismantling Requirements

1. The participant must surrender their existing vehicle(s) to a participating dismantler with which the air district has entered into an agreement, and the dismantler must permanently destroy the vehicle(s) within 60 calendar days of the dismantler's receipt of the vehicle.
2. The existing vehicle(s) specified in the application must be dismantled and may not be substituted with different vehicles.

G. Project Life

The project life is three years. This project life is based on the expectation that the participant will operate the new vehicle(s) for a minimum of three years.

H. Maximum Eligible Funding Amount

1. Funding will cover up to 100% of the eligible cost of replacing polluting transit vehicles with new electric vehicles.
2. For the replacement plug-in hybrid vehicles, the funding will cover up to $40,000 of the eligible costs.
3. There is no funding limit for the replacement of plug-in hybrid vehicles for disadvantaged and low-income communities identified in the California Climate Investments Priority Populations.
4. There are no minimum match requirements for participation.

I. Eligible Costs

Eligible project costs include the following:

1. Purchase of new vehicles.
2. Extended warranty for new vehicles.
3. Vehicle wraps, designs, stickers, etc. for Dial-A-Ride services.
4. Freight, sales tax, and registration fees.
5. Wheelchair lifts or other features designed to assist mobility-impaired persons.

J. Ineligible Costs

Ineligible project costs include the following:

1. Used or refurbished vehicles.
2. A chassis that has been modified with aftermarket parts or equipment to create a zero-emission vehicle.

K. Project Eligibility Criteria

1. Existing vehicle requirements include, but are not limited to, the following:
   (A) Existing vehicles must be powered by gasoline, diesel, or a gas- or diesel-alternative fuel.
   (B) Existing vehicles must have a GVWR of at least 6,001 pounds.
   (C) Existing vehicles must be owned by the participant.
   (D) Existing vehicles must have been registered within California for the past two years from the date of grant agreement execution.
   (E) Existing vehicles must remain registered until the replacements are placed into service.
2. Replacement transit vehicle requirements include, but are not limited to, the following:
   (A) Replacement vehicles must be zero-emission (for example, battery-electric vehicles) or plug-in hybrid, and the technology must be approved or verified by CARB with an approved CARB Executive Order.
   (B) Must be purchased new.
   (C) Replacement vehicles must seat a minimum of six passengers excluding the driver.
   (D) The replacement vehicles must have a GVWR of at least 6,001 pounds.

L. Post Inspection

1. The air districts must verify replacement vehicles meet emission standard and application information and must verify that they are fully operational.
2. The aid district must perform post-inspection before replacement engine/vehicle is delivered, and prior to payment being issued.

M. Air District Requirements

1. To implement the Dial-A-Ride Vehicle Replacement project, air districts must incorporate this project subcategory into their existing Policies and Procedures. Air districts may choose to incorporate additional requirements or requirements that are more stringent than those contained in this chapter.
2. Air districts are responsible for ensuring all requirements for CAP Incentives are met.
3. Reimbursement: To ensure that an application package is complete, the following items must be included and complete prior to reimbursement:
    (A) Signed and complete application and fully executed contract.
    (B) Documentation showing that the existing vehicle is roadworthy.
    (C) Digital photographs of the existing vehicle and the replacement vehicle. If a contractor conducts any inspections, the air district will specify the required digital format. Reimbursement will not be processed until all photographs are received and verified by the air district. All photographs must be clear, and any VIN and engine or motor serial numbers must be legible.
        (1) Photographs of the old vehicle must include the following views:
            a. Right side, hood down.
            b. Front, hood down.
            c. Left side, hood down.
            d. VIN tag (inside vehicle or on frame rail).

e. Engine serial number and engine information (make, model year, engine family), if available. Information may be on a tag or stamped on the engine block.

f. License plate.

g. Left and right sides of engine.

(2) Photographs of the replacement vehicle must include the following views:

a. At least one side of the vehicle.

b. VIN tag (inside vehicle or on frame rail).

c. Engine serial number and engine information. Information may be on a tag, stamped on the engine block, or stamped on the primary motive power components.

d. License plate.

e. Odometer reading.

f. Left and right sides of engine (or primary motive power components).

(D) Documentation of replacement vehicle warranty and registration, if applicable.

(E) Proof of project financing: The financing package will enable the air district to determine the reimbursement costs that may be accrued in case the participant defaults on the contracted performance requirements. Proof of project financing can be a document showing the lender and the amount loaned, which at a minimum is a copy of the check given to the dealer equal to the portion of the project that was not Program funded. Proof of project financing is always required unless the grantee paid cash for the portion of the project that was not Program funded.

(F) Proof of sale after the application and all required documentation have been approved by the air district.

(G) Copy of title of existing vehicle. For replacement projects, the title must be signed and dated by the applicant.

4. A third party (e.g., zero-emission vehicle dealer or distributor) may complete an application or part of an application on an owner's behalf only if the vehicle owner signs and agrees to the application. Applications must include a signature section for third parties. The third-party signature section must include signature and date lines, and sections for the third party to disclose how much they are being paid, if anything, to complete the application and the source of funds used to pay them. To make the Program accessible to all potential applicants, including those that cannot afford to hire third party assistance, air districts are encouraged to provide assistance to applicants.
5. Air districts must ensure the vehicle and engine are scrapped within 60 calendar days of the dismantler's receipt of the vehicle. This must be confirmed through post-inspection by the air district, or an air district approved contractor. The destruction of the old vehicle and engine must be properly documented in accordance with the Program requirements. If there is a delay in destruction of the old vehicle, the air district must document the communication and reasoning for the delay from the dismantler in their project file while working with the dismantler to ensure the vehicle is destroyed according to guideline requirements as soon as is feasible.

N. Reporting Requirements

The air district and participant must comply with the requirements described in Chapter 3, Section H of the CAP Incentives Guidelines. This will involve the preparation of semi-annual and yearly reports, which the air district will prepare based on information collected from the applicant and program participants.

O. Emissions Reductions and Quantification Methodology

CARB developed the Clean Mobility Quantification Methodology[72] to provide guidance for reporting emission reduction information utilizing the CARB-approved methodology for Clean Mobility under the Vehicle Replacement project type as defined in Section B of the Clean Mobility Quantification Clean

[72] California Air Resources Board. (2023). *Clean Mobility Quantification Methodology.* https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/Clean_Mobility_QM_FINAL_November2023.pdf.

Mobility Benefits Calculator Tool, available on its webpage of CARB quantification methodologies, to determine the emissions reduced by each Dial-a-Ride transit vehicle. The emissions reductions will utilize current Dial-a-Ride vehicle inputs from the applicant and shall be calculated using Equations 8 – 16 as applicable from Section B.2. Vehicle Replacement from the Clean Mobility Quantification Methodology.

More specifically, equations 12 – 13 calculate the annual emissions associated with the baseline and new vehicles. Equations 14 – 15 calculate the emissions associated with the baseline and new vehicles. Equation 16 estimates both the GHG and air pollutant emission reductions from vehicle replacement as the difference between the emissions associated with the baseline vehicle and emissions associated with the new vehicle.

CHAPTER 10: COMMUNITY GREENING AND VEGETATIVE BARRIERS

A. Introduction

This chapter is designed to promote the use of natural solutions to mitigate air quality impacts through projects like community greening and vegetative barriers. Community greening may include planting trees or vegetative barriers in the community to reduce GHG emissions and provide several key qualitative benefits. An example of qualitative benefits that community greening projects will have on the community includes providing shade to sidewalks and streets, which can encourage active transportation by making it more comfortable to walk or bike in those areas. This can improve the health and well-being of the community. Community greening can also shade buildings and reduce energy consumption by lessening the load on air conditioning systems. When native and/or drought-resistant vegetation is planted and maintained using water efficient irrigation methods, green space projects can reduce water usage.

B. Related Approved Air District Project Plans

1. Urban Greening Program submitted by Imperial County Air Pollution Control District.
2. Vegetative Barriers and Urban Greening Emission Reduction Program Plan submitted by San Joaquin Air Pollution Control District.

C. Projects Eligible for Funding

1. Air districts will evaluate community greening and vegetative barrier projects competitively. Grants will be awarded on a competitive solicitation basis using the project selection criteria described in Section J of this chapter.
2. For community greening, eligible projects will:
   (A) Reduce GHG emissions, mitigate the effects of extreme heat, and provide multiple qualitative benefits including, but not limited to,

a decrease in air and water pollution or a reduction in the consumption of natural resources and energy.

(B) Result in the conversion of an existing built environment into green space that uses natural and green infrastructure approaches to create sustainable and vibrant communities.

(C) Maximize opportunities to reduce GHG emissions through project design and implementation as well as incorporate green infrastructure solutions that improve the sustainability and function of existing metropolitan hardscapes and landscapes.

3. For vegetative barriers, projects will utilize the design elements and concepts contained in the U.S. EPA's Recommendations for Constructing Roadside Barriers to Improve Near-Road Air Quality (Exhibit A),[73] including barrier height, thickness, porosity, and length.

D. Eligible Participants

Eligible participants include individuals, non-profit businesses or entities, or tribal governments. Public and private entities are eligible to apply. Public agencies or entities include, but are not limited to, State, metropolitan, county, city, multi-county special districts (e.g., Green Improvements/Benefit District, Flood Control District, etc.), school districts, universities, and federal agencies and organizations. Private entities include, but are not limited to, private organizations and corporations.

Air districts or other entities receiving administration funding through the program are not eligible applicants.

E. Participant Requirements

Participants must meet the following criteria to be eligible for funding:

1. Participant must be the owner of the land or have authority from the owner of the land where the vegetative barrier or community greening project will be planted.

[73] U.S. EPA. (2023). *Recommendations for Constructing Roadside Vegetation Barriers to Improve Near-Road Air Quality.* https://www.epa.gov/air-research/recommendations-constructing-roadside-vegetation-barriers-improve-near-road-air.

2. Participant should operate and maintain the community greening or vegetative barrier project for a period of:
    (A) At least 10 years for Grants up to $100,000.
    (B) At least 20 years for Grants up to $1 million.
    (C) At least 25 years for Grants over $1 million.
        (1) This includes tree maintenance, up to and including removal and replacement of dead trees.
3. Participants must consider baseline air monitoring data available through AB 617 and other State funded air monitoring projects in the selection, design, and characterization of the benefits of the vegetative barrier project(s).
4. Participants must make the project available for inspection if requested by the air district or CARB staff during the entire contract period and three years after the contract period.
5. Participants are responsible for contacting the County Agricultural Commissioner's Office before obtaining any plant material originating from outside the respective county to ensure they meet all requirements for movement of plant material into the respective county.
6. Participants are responsible for ensuring that trees are purchased, planted, and maintained to the specifications provided in Appendix F of CAL FIRE's Urban and Community Forestry Grant Guidelines.[74]
7. Where feasible, participants must provide public access to the planted materials.
8. All property taxes where the community greening or vegetative barrier project will be located must be current at the time of application.
9. Participants must obtain permits for community greening or vegetative barrier projects as required by local, regional, State, or federal agencies before approval.
10. Participants must ensure that all work performed on community greening or vegetative barrier projects complies with the California

[74] CAL FIRE. (2024). *Urban and Community Forestry Inflation Reduction Act Grant Guidelines.*

Environmental Quality Act and all other applicable statutes, rules, and regulations.

11. Participants or their sponsor must demonstrate the financial capacity to complete, operate, and maintain the project.
12. Any funds required from other sources must reasonably be expected to be available in the time frame needed to carry out the project.
13. Air districts may choose to require participants to incorporate anti-displacement measures where applicable. Participants may use the Greening without Gentrification Guide[75] for more information on anti-displacement measures.

F. Project Life

Participants must maintain the funded green spaces and comply with all project requirements for a minimum of five years.

G. Maximum Eligible Funding Amounts

1. The grant amount will cover up to 100% of eligible costs.
2. Participants must solicit for and select community greening and vegetative barriers project materials and suppliers through a competitive bidding process. The air district must ensure that all costs are reasonable and applicable.
3. Projects must be prioritized based on the project selection criteria described in Section H of this chapter.
4. Payments will be made on a reimbursement basis. The participant pays for services, products, and supplies, submits invoices and proof of payment, and is then reimbursed. If the applicant is unable to carry the financial responsibility of a reimbursement program on their own, they may partner with a local public agency or 501(c)(3) non-profit.

[75] A. Rigolon and J. Christensen. (2019). *Greening without Gentrification: Learning from Parks-Related Anti-Displacement Strategies Nationwide.* https://www.nrpa.org/parks-recreation-magazine/2019/december/greening-without-gentrification/.

H. Eligible Costs

Eligible costs may include:

1. Initial study.
2. Supplies and materials.
3. Labor and construction.
4. Contracted services.
5. Signs and interpretative aids communicating information about the project.
6. Up to 25% of the grant request may be budgeted for non-construction costs, including, but not limited to, design, permitting, outreach, project specific anti-displacement strategies, and direct project administration and management.
7. Up to 10% of the grant request may be budgeted for contingency costs.
8. Routine maintenance and rehabilitation over the life of the project are eligible for funding, so long as such costs are accounted for and relevant purchases made after contract execution but prior to project completion.

I. Ineligible Costs

Ineligible costs include overhead (i.e., rent, utilities, office equipment/supplies).

J. Project Eligibility Criteria

The minimum qualifications for community greening and vegetative barrier projects are listed below. All projects must also conform to the requirements in Chapters 2 and 3. Air districts retain the authority to impose additional or more stringent requirements to address local concerns.

Projects must comply with the applicable provisions of the California Labor Code pertaining to Public Works projects (Labor Code Sections 1720-1861)[76]

[76] Lab. Code § 1720-1861. https://leginfo.legislature.ca.gov/faces/codes_displayexpandedbranch.xhtml?tocCode=LAB&division=2.&title=&part=7.&chapter=1.&article=.

including Labor Code Section 1771.5 and those provisions requiring the payment of not less than the specified prevailing rate of wages as determined by the Director of the Department of Industrial Relations to workers employed in the performance of this project. Therefore, cost estimates should include prevailing wages, as applicable.

Where applicable, the air district shall monitor all agreements subject to reimbursement from this project type to ensure that the participant meets the provisions of Labor Code Sections 1720-1861.

1. Plants chosen for projects must conform to the following characteristics:
    (A) Non-invasive.
    (B) Roadway safety conformity (where applicable).
    (C) Maximizes GHG reductions.
    (D) Low-biogenic volatile organic compound emitting.
    (E) Minimize allergenic pollen.
2. Participants and air districts should also consider the following additional parameters, as able and as applicable, when selecting plants:
    (A) Native species.
    (B) Non-poisonous.
    (C) Perennial, annual, or mix.
    (D) Drought resistance.
    (E) Adaptive to local site conditions (i.e., soil and climate factors).
    (F) Erect growth habit with stiff stems.
    (G) Resistance to lodging and strong leaf retention.
    (H) Tolerance to soil deposition.
    (I) Density.
    (J) Seasonal effects.
    (K) Leaf surface.
    (L) Air emissions.
    (M) Pollution and stress resistance.

K. Post Inspection

See Chapter 3 of these guidelines for guidance on the necessary requirements for post-inspection.

Periodic visits to the project site may take place by the air district. A post-inspection of the site will take place with photos of the greening space as well as individual species of plants that were planted.

The air district will determine if the work is consistent with the approved project scope and ensure all requirements have been met.

L. Air District Requirements

1. Air districts must meet the requirements in Chapters 2 and 3 of these guidelines.
2. Air district should have the participant acknowledge that they will operate and maintain the community greening or vegetative barrier project beyond the five-year contract term or project life according to Section E.2 of this chapter.
3. To implement community greening and vegetative barriers project, air districts must incorporate this project subcategory into their existing Policies and Procedures.
4. Air districts may choose to incorporate additional requirements or requirements that are more stringent than those contained in this chapter.
5. Air districts must create a process for handling competitively scored applications that includes the following elements:
    (A) Air districts will score projects in accordance with the scoring criteria described in Table 11-1, below. Air districts must include an outline of how points will be allocated for each scoring criteria category.
    (B) Air districts will use scores to determine an initial ranking of received applications and will discuss rankings in a public setting.
    (C) Air districts may consider additional factors including, but not limited to, economic benefits, significance, geographic distribution of funds, previous grant performance, overburdened

community status, and other potential project benefits, as well as partial funding of projects.

Table 11-1: Competitive Scoring Criteria

Scoring Criteria	Points Available
Cost-Effectiveness • $/ton GHG reduced • Other funding available to reduce cost	0-50
Exposure Benefits • Proximity to sensitive receptors • Siting near buildings to reduce energy costs • Siting on sidewalks to shade well-travelled areas	0-30
Co-Benefits • CAP emission reductions • Water and energy savings	0-15
Project Readiness • Timeliness of project implementation • Availability of external funding	0-5
TOTAL	0-100

M. Applicant Requirements

Participants should include, but are not limited to including, the following details in their applications for funding:

1. Project summary, including current site conditions and extent of public access for the proposed project.
2. Site plan.
3. Photographs of project site reflecting current conditions.

4. Cost estimate.
5. Expected emissions reductions and qualitative benefit quantification, using the quantification methodology described in Section M of this chapter.
6. Species of plants or trees to be planted and environmental benefits of the selected species (e.g., if the species is native or drought-resistant). Selected plant species shall maximize GHG reductions and minimize emissions of biogenic volatile organic compounds and allergenic pollen, where possible. Applicants are encouraged to review the plant selection resources as they prepare their proposals.[77, 78, 79]
7. and reach out to the contacts provided with questions, as appropriate.
8. Area of green space to be created or enhanced.
9. Type of irrigation systems included in the project.
10. Anticipated timing for the completion of preliminary design, environmental documentation, permitting, and long-term operation and maintenance commitments.
11. Assessor's parcel map.
12. Legal owners of each parcel within the project footprint or obtain approval of legal owner(s).
13. Identification of project's fiscal sponsor, if applicable.
14. A commitment to provide annual status updates in the form of a photo update or a tree condition report to demonstrate that project maintenance is occurring throughout the contract period.
15. A commitment to provide photo documentation of the completed project (if grant is awarded).

[77] Urban Forest Ecosystems Institute at Cal Poly. (2024). *SelecTree: A Tree Selection Guide*. https://selectree.calpoly.edu/.
[78] Allergy-Free Gardening. (2024). *Allergy-Free Gardening: The Revolutionary Guide to Healthy Landscaping*. http://www.allergyfree-gardening.com/.
[79] California Native Plant Society. (2024). *Calscape Tool*. https://www.calscape.org/.

N. Reporting Requirements

1. All projects must comply with the requirements described in Chapter 3, Section H of these guidelines.
2. Applicants must ensure that project-related information is complete, correct, supported by documentation, and supplied to the air district upon request for the preparation of reports. This documentation must also be made available to CARB staff upon request.

O. Emissions Reductions and Quantification Methodology

1. Participants must use the latest version of the CARB Urban Greening Calculator Tool[80] to determine the GHG emissions reduced by each community greening project. Project benefits are calculated over a 40-year period.
2. Participants must fill out tabs "Project Info," and "Tree Planting – ITP."
3. Participants will also need to use three external tools to use the above calculator, as follows:
   (A) University of California Agriculture and Natural Resources Water Use Classification of Landscape Species (WUCOLS IV) tool.[81]
   (B) California Department of Water Resources Water Budget Workbook.[82]
   (C) i-Tree Planting Tool.[83]

[80] California Air Resources Board. (2025). *California Climate Investments Tools.* www.caclimateinvestments.ca.gov/reporting-tools
[81] UC Davis California Center for Urban Horticulture. (2024). *Water Use Classification of Landscape Species (WUCOLS).* https://ccuh.ucdavis.edu/wucols.
[82] California Department of Water Resources. (2024). *BetaWaterBudgetNonResidentialV130*. https://cadwr.app.box.com/s/5k39tv10u42rp5bn2uebd7fodkxzgve7.
[83] I-Tree. (2024). *Welcome to the i-Tree Planting Calculator*. https://planting.itreetools.org/.

CHAPTER 11: EMERGENCY STATIONARY DIESEL GENERATOR REPLACEMENT PROJECTS

A. Introduction

This project subcategory is applicable to stationary source projects and funds the replacement of old diesel internal combustion generators with cleaner technology beyond what is currently required, with an emphasis on zero-emission technology.

B. Related Approved Air District Project Plans

1. Stationary Diesel Engines Emission Reductions Project Plan, submitted by Feather River Air Quality Management District.

C. Projects Eligible for Funding

Uncertified, Tier 1, or Tier 2 diesel internal combustion generators used in emergency services are eligible to be replaced with the cleanest available technology, with an emphasis on zero-emission technology.

D. Eligible Participants

Public and private entities that own and operate emergency stationary diesel generators or that can provide written authorization to the air district verifying that they're allowed to make modifications to such generators signed by the owners, are eligible to apply.

E. Participant Requirements

1. Participants will be required to submit a complete project application, which includes a quote for the new generator, permit number (if applicable), and an executive order for the new equipment (if diesel).
2. Pre-inspection of the generator will be conducted by air district staff. During the pre-inspection air district staff will verify generator information and hour meter reading. A compliance inspection conducted within the past 12 months may be substituted for the pre-

inspection if it confirms the generator information and hour meter reading. The pre-inspection or compliance inspection must verify the function and use of the generator as backup emergency power generation to an existing building, structure, utility, or other use.

3. Once the application and pre-inspection have been approved, a contract will be offered to the participant. Once both parties have agreed to sign the contract, the participant will be notified of the contract execution. If the new generator requires an air district permit, the participant will then submit an Authority to Construct to the air district. Once the Authority to Construct has been issued, the participant may proceed with the purchase of the new generator. If the zero-emission technology does not require an Authority to Construct, the participant may proceed with the purchase upon notification of contract execution.
4. Once a participant has purchased their new generator, they must contact the air district to complete the post-inspection. During post-inspection the air district will verify the generator meets the Tier 4 Final or higher emission standard by photographing and recording the engine family name on the equipment and any control equipment. The family name is an identifier assigned by the U.S. EPA to every engine verified to Tier 1 emission standards or higher.
5. If the equipment is required by the air district to conduct a source test to verify emissions, the results of the source test must be received within 30 days of the post-inspection or consistent with the timeline required by air district policy and procedures.
6. After the successful post-inspection, the Permit to Operate for the new generator will be issued, if applicable to local rules.
7. The invoice for the purchase and installation of the new generator should be submitted to the air district.
8. During the entire project life, the participant must submit an annual report of hours operated.

F. Dismantling Requirements

The old generator must be surrendered to an approved salvage yard within 30 days of post-inspection. The old generator must be destroyed and rendered

permanently inoperable. At a minimum, the destruction of a generator must include:

1. A hole in the engine block with a diameter of at least three inches at the narrowest point. The hole must be irregularly shaped (i.e., no symmetrical squares or circles) and,
2. A section of the oil pan flange must be removed as part of the hole or have a line cut through it that connects the hole.

G. Project Life

The life of the project can range from a minimum of 3 years to a maximum of 10 years.

H. Maximum Eligible Funding Amounts

1. The maximum funding amount for zero-emission generator replacements is up to 95% of eligible costs.
2. The maximum funding amount for Tier 4 Final or Tier 5 diesel generator replacements, or cleaner technologies, is up to 85% of eligible costs.
3. Air districts may choose to use lower maximum funding amounts at their discretion, to meet local needs.

I. Eligible Costs

Air districts may determine eligible costs before a contract is offered. Eligible cost may include:

1. Purchase of technology that is beyond what is currently required, including zero-emission technology, Tier 4 Final, or Tier 5 diesel generators, or cleaner technology.
2. Once Tier 5 diesel generators are available for purchase, Tier 4 Final diesel replacements will no longer be eligible for funding.
3. Delivery charges.
4. Installation.
5. The following costs are not eligible to be covered using CAP Incentives funds, but an air district may choose to cover such costs using its available local funds:

(A) Sales tax.

(B) Permit fees, including Permits to Operate and required building permits.

J. Ineligible costs

Ineligible costs include the following:

1. Purchase, lease, or rental of land.
2. Planning and design fees.
3. Consultant fees.
4. Extended warranty.
5. Administrative/staff time of public agency to participate.
6. California Environmental Quality Act or environmental analysis cost.

K. Project Eligibility Criteria

1. To be eligible for funding, existing generators must:
   (A) Meet the air district's criteria to qualify for an emergency-use or equivalent exemption according to its local rules or qualify for equivalent exemptions according to any other applicable local or State rules or regulations.
   (B) Be at least 25 horsepower.
   (C) Be fueled by diesel.
   (D) Be Uncertified, Tier 1, or Tier 2, with a PM emissions rating of equal to or greater than 0.40 g/bhp-hr.
   (E) Be operational.
   (F) Must operate 100% of the time in California.
2. Replacement generator requirements:
   (A) The replacement engine must be available for inspection if requested by the air district or CARB staff during the contract period.

(B) Replacement generator must provide U.S. EPA certification or CARB executive order or be source tested to verify emission reductions.

(C) Replacement generator must meet Tier 4 Final or cleaner emission standards. Tier 4 Final replacements are only eligible until Tier 5 generators are made available for purchase. Zero-emission technology will be considered on an individual basis and once approved by the air district, will not require certification or source testing.

(D) Replacement generators must be maintained according to manufacture requirements to ensure emission reduction technology is fully functioning during emergency use.

(E) The engines in replacement generators should be no greater than 125% above the existing generator's engine brake horsepower rating, unless a larger engine would result in greater emission reductions.

(F) The participant may not claim emission reduction credits from the project during the entire contract period.

(G) The replacement generator must be under contract for the entire project life, which may range from 3 to 10 years.

(H) Replacement generator must have a minimum warranty of 5 years or 3,000 hours of operation, whichever occurs first, for all engines rated at 19kW and greater. In the absence of a device to measure hours of use, the engine shall be warranted for a period of five years. For all engines rated less than 19 kW, and for constant-speed engines rated under 37 kW with rated speeds higher than or equal to 3,000 rpm, the period of two years or 1,500 hours of operation, whichever occurs first, shall apply. In the absence of a device to measure hours of use, the engine shall be warranted for a period of two years.

(I) Must operate 100% of the time in California.

L. Project Selection and Ranking

Projects will be selected according to the competitive process established in the air district's Policies and Procedures.

M. Pre- and Post-Inspection

1. Air districts must verify via pre-inspection the operational condition of the existing equipment.
2. Air districts must conduct a post-inspection of the replacement generator prior to disbursement of funds to the participant.
3. Participants must make the generator available to air district or CARB staff upon request throughout the duration of the project life.

N. Air District Requirements

1. All projects must comply with the requirements described in Chapter 3 of the CAP Incentives Guidelines.
2. Emission reductions obtained through projects implemented in this chapter must be surplus to any federal or State rules or regulations; this includes local rules implemented and enforced by the air district itself, such as stationary diesel airborne toxic control measure.
3. For replacement projects cleaner than Tier 4 Final (or Tier 5, once available), air districts must verify the technology by keeping a record of the following, for the life of the project.
    (A) Ensure the replacement zero-emission equipment can perform the same duties as the baseline.
    (B) Keep a record of the equipment specifications and ratings, this can be through a manufacture manual or brochure.
    (C) The replacement generator must be commercially available.
    (D) The rated capacity of the equipment.
    (E) Both the baseline and replacement generator must use the same load factor.

O. Reporting Requirements

Participants must ensure that project-related information is complete, correct, supported by documentation, and supplied to the air district upon request for the preparation of reports. This documentation must also be made available to CARB staff upon request.

P. Emission Reductions and Quantification Methodology

Emission reductions will be calculated using an approved CARB method[84].

[84] California Air Resources Board. (2025). *California Climate Investments Tools.* www.caclimateinvestments.ca.gov/reporting-tools

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CHAPTER 12: PAVING, SIDEWALK, AND BIKE PATH PROJECTS

A. Introduction

This chapter aims to reduce dust from paved and unpaved roads in the community through road paving improvements, as well as to reduce motor vehicle emissions by improving walkability and bicycle infrastructure for the community through sidewalk and bicycle infrastructure improvement and construction. Paving of unpaved roads reduces PM emissions from fugitive windblown and activity-related dust in the region. Increasing the utilization of active transportation as opposed to driving an automobile also provides potential emissions benefits.

B. Related Approved Air District Project Plans

1. Road and Sidewalk Improvement Program submitted by San Joaquin Valley Air Pollution Control District.
2. Road Improvements, Sidewalk Installation, and Bike Paths submitted by San Joaquin Valley Air Pollution Control District.
3. Road Paving Projects submitted by South Coast Air Quality Management District.
4. Paving Projects submitted by Imperial County Air Pollution Control District.

C. Projects Eligible for Funding

1. Eligible projects include well-traveled unpaved roads, parking lots, and other unpaved areas located near sensitive receptors including, but not limited to, homes, schools, and senior centers.
2. Projects must provide road paving, sidewalk improvements and/or bicycle infrastructure. Participants must meet all the required criteria listed in this chapter and agree that paving projects will meet all local, State, and federal statutes, rules, and regulations.
3. The following projects are not eligible for funding:

(A) Routine maintenance and rehabilitation projects.

(B) Paving activities as part of new development projects.

D. Eligible Participants

Public and private entities are eligible to apply for and receive funding for paving projects.

E. Participant Requirements

1. Participants must be compliant with all federal, State, and local requirements.
2. Participants must demonstrate all required land use permits from agencies needed for installation of the project. Participant is responsible for obtaining any permits required to do the project. If the participant holds an operating permit or other type of permit for the project site, copies of permits shall be provided to District as part of application.
3. Participant must demonstrate that all property taxes are current at the time of application.
4. Participants must demonstrate that they are either the owner of the area to be paved or have authority to pave the area, or control it through a long-term lease, easement, or other legal arrangement, for the duration of the project life. For a proposed project where the land is not owned by the applicant, an executed lease agreement or letters of commitment lasting for the duration of the project life must be signed by property owners/authorized representatives and must be submitted with the application.
5. Throughout the project life, the participant must maintain the paved area, conduct as-needed maintenance such as repairing any potholes and re-painting of lines.
6. Participants must make the project available for inspection if requested by the air district and/or CARB staff during the entire contract period.
7. The participants or their sponsor must demonstrate the financial capacity to complete, operate, and maintain the project.
8. Participants or subcontractor(s) may not claim emission reductions and must comply with air district requirements.

9. All projects that receive funding under this program must comply with the requirements described in Chapter 3, Section H of these guidelines.

F. Project Life

The maximum project life is 10 years. Participants must ensure that project-related information is complete, correct, supported by documentation, and supplied to the air district or CARB upon request for the preparation of reports.

G. Maximum Eligible Funding Amounts

Air districts may cover up to 100% of eligible costs.

H. Eligible Costs

Eligible project costs include the following:

1. Supplies, equipment, and materials.
2. Labor and construction (including contracted services, mobilization, and traffic control).
3. Signs and interpretive aids communicating information about the project.
4. Up to 25% of the grant request may be budgeted for non-construction costs, including permitting, design, and administration.
5. Up to 30% may be budgeted for contingency costs.
6. All eligible costs must be supported by appropriate documentation.

I. Ineligible Costs

Ineligible costs include the following:

1. Any cost not directly related or maintenance work beyond what is required to complete the project.
2. Costs incurred outside of the performance period.
3. Indirect or overhead costs incurred generally as part of normal business operations within an organization.
    (A) An example of indirect costs is salaries and benefits of employees not directly assigned to work on the project.

(B) Other examples of overhead costs are rent, utilities, and general office supplies.

J. Project Eligibility Criteria

Air districts may choose to require paving projects use materials with high albedo since it reflects more solar energy, mitigating the risk of urban heat island effects. "High albedo" refers to a surface that is highly reflective; for example, white colored asphalt has high albedo.

K. Post-inspection

Air districts must post-inspect the paved area and confirm it abides by all terms agreed upon in the executed contract.

L. Air District Requirements

1. Air districts must incorporate this project subcategory into their existing Policies and Procedures. Air districts may choose to incorporate additional requirements or requirements that are more stringent than those contained in this subcategory.
2. Air districts shall provide forums for receiving feedback on specific projects from the community, local public agencies, and stakeholders to determine the best projects for selection.
3. Air districts must collect and maintain in their project files the following pieces of information related to each project:
   (A) Description of the project site, including the following: location, current use, size of area to be paved, existing conditions, and pictures of project site in its current condition.
   (B) Identification of nearby sensitive receptors, if applicable.
   (C) Current and expected vehicle use at the project site.
   (D) Existing dust control measures (e.g., frequency the unpaved area is watered), if applicable.
   (E) Baseline emissions.
   (F) Applicable permits and/or permissions to pave.

(G) A commitment to provide photo documentation of the completed project.

(H) A commitment to provide photo documentation on an annual basis to demonstrate that project maintenance is occurring throughout the Project Life.

(I) A commitment to comply with the most current versions of any applicable local rules.

(J) Include any supporting documentation, as needed.

4. Air districts must maintain the documentation required above in their project files for at least three years after project completion.

M. Emission Reductions and Quantification Methodology

1. Paving of a dirt surface significantly reduces windblown and activity related fugitive dust emissions. Applicants should utilize the CARB Miscellaneous Process Methodology 7.10 - Unpaved Road Dust, Non-Farm Roads[85] to estimate the baseline emissions from an unpaved road project. The emissions reductions associated with paving can then be estimated using a control efficiency from the Western Regional Air Partnership Fugitive Dust Handbook.[86] Additional emission reductions may also be estimated using the CARB Quantification Methodology for the Sustainable Transportation Equity Project.[87] Active Transportation is the calculation of emission reductions from displaced autos. Air districts may also choose to use an approved CARB quantification methodology, if applicable.

2. Districts should work with applicants to describe qualitative benefits. This can include improving the health and well-being of residents by providing access to cleaner transportation and encouraging healthier alternatives, such as walking and biking. This could also include benefits

[85] California Air Resources Board. (2012). *Miscellaneous Process Methodology 7.10: Unpaved Road Dust, Non-Farm Roads*. https://ww3.arb.ca.gov/ei/areasrc/fullpdf/full7-10_2012.pdf.
[86] Western Governors' Association. (2006). *Western Regional Air Partnership Fugitive Dust Handbook*. (2006). https://www.westar.org/about-wrap/.
[87] California Air Resources Board. (2020). *Quantification Methodology for the CARB STEP Pilot*. https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/Clean_Mobility_QM_FINAL_November2023.pdf.

to people with special needs who often cannot reliably access unpaved areas with poor surface conditions.

CHAPTER 13: ALTERNATIVES TO AGRICULTURAL OPEN BURNING

A. Introduction

This project category will reduce PM, NOx, and ROG emissions from agricultural open burning of orchard and vineyard removals by incentivizing chipping and soil reincorporation, land application, or other methods as alternatives. Projects must comply with all applicable federal, State, and local rules and regulations.

B. Related Approved Air District Project Plans

1. Alternatives to Agricultural Open Burning Incentive Program Emission Reduction Program Plan, submitted by San Joaquin Valley Air Pollution Control District.

C. Projects Eligible for Funding

1. Eligible project types include orchard and vineyard removals:
   (A) Chipping of agricultural material with soil incorporation methods including but not limited to: discing/ripping/whole orchard recycling or other district approved method.
   (B) Chipping of agricultural material without soil incorporation (land application of mulch or other on-site practices).
   (C) Air Curtain Burning (only for diseased materials and material with embedded wire, such as cordon-pruned vineyards).
   (D) Off-site beneficial re-use of agricultural material (mulching/composting/land application near roadways for dust suppression) or other district approved method.
2. The final disposition of agricultural material must be utilized for soil incorporation, on-site land application, off-site beneficial re-use, or air curtain burner.

3. An air district may extend eligibility to other practices, and they must outline such approved practices in their Policies and Procedures.

4. Eligible crop types are defined as:

   (A) Agricultural material includes, but is not limited to leaves, branches, trunks, roots, stumps, untreated sticks, grape vines, grape canes, and untreated grape stakes.

   (B) Vineyard removal materials: agricultural waste generated by the removal of vineyards. This includes grape vines, grape canes, trunks, roots, untreated grape stakes, and wires, as well as similar materials from kiwi vineyards.

   (C) Orchard removal material: agricultural waste generated by the removal of orchards. This includes leaves, branches, trunks, roots, stumps, and untreated branch support sticks.

5. Chipped or shredded agricultural material is not to be sold or used in any combustion processes such as biomass power generation, pyrolysis, or firewood.

6. Land conversions intended for nonagricultural purposes are not eligible for funding.

D. Eligible Participants

Public and private commercial agricultural operations are eligible to apply.

E. Participant Requirements

Participation in the Program occurs in six phases: voucher application, district pre-inspection, voucher execution, voucher redemption, district post-inspection, and reimbursement.

1. Participants must:

   (A) Not make any non-refundable payments, begin chipping orchard or vineyard removal materials, or commence the usage of an air curtain burner on this project until a district voucher is issued.

   (B) Certify the continued agricultural use of the acreage of the orchard or vineyard removal receiving grant funding.

2. A participant must submit:

(A) A completed voucher application along with the Certifications Form signed by the applicant.

(B) A site map confirming the acreage to be removed (e.g., site map, google map, or assessor's map).

3. A detailed and itemized quote from any service providers for the planned activities.

   (A) The quote must provide an itemized breakdown, including specific information and associated costs with pruning/wire/support removal (vineyards), pushing/piling, chipping/shredding, spreading, soil incorporation (ripping/discing), hauling (beneficial re-use), move-in fees, and any additional costs.

   (B) Documentation of estimated costs by participating grower if additional costs are beyond those on the quote(s) for contracted services.

4. If the voucher application is determined to be complete and eligible, a pre-inspection of the orchard or vineyard will be scheduled and conducted by the air district.

5. Upon completion of the pre-inspection, the air district will review the pre-monitoring inspection report, execute a voucher if the application is deemed eligible, and mail or email the voucher to the applicant.

6. The applicant has one year from the voucher execution date to complete the project.

7. Upon completion of the alternative measure, participant will submit a claim for payment to begin the voucher redemption process.

8. A complete Claim for Payment packet is required as part of the voucher redemption process and must include:

   (A) A completed and signed voucher.

   (B) A breakdown of services conducted, and copies of any invoices and proof of payment for the services performed.

9. After receiving a complete Claim for Payment packet, the air district will conduct the post-inspection site visit(s). The inspection will include the removal site and final disposition site if applicable.

10. Photographs will be taken during the site visit and a post-inspection report will be completed, indicating the final disposition of agricultural material.
11. The air district will review the post-monitoring report, and issue reimbursement to the participant for eligible costs, up to the approved voucher amount.

F. Project Life

Air districts must use a one-year project life. Applicant must certify the continued agricultural use of property from which the orchard or vineyard is removed.

G. Maximum Eligible Funding Amounts

The air district must determine the maximum incentive amounts based on crop type, the number of eligible acres removed, project type, and the final disposition of the agricultural material. Table 13-1 template must be used by air districts to outline the eligible alternative practices and incentive amounts available through the program.

Table 13-1: Eligible Alternative Practices and Incentive Amounts Template

Project Type	Orchard	Cane-Pruned Vineyard	Cordon-Pruned Vineyard
Chipping with soil incorporation (whole orchard/vineyard recycling)	Maximum funding amounts per acre to be determined by air district	Maximum funding amounts per acre to be determined by air district	Maximum funding amounts per acre to be determined by air district
Chipping without soil incorporation (on-site land application)	Maximum funding amounts per acre to be determined by air district	Maximum funding amounts per acre to be determined by air district	Maximum funding amounts per acre to be determined by air district
Off-site Beneficial Re-use (mulching, composting, land application near roadways for dust suppression)	Maximum funding amounts per acre to be determined by air district	Maximum funding amounts per acre to be determined by air district	Maximum funding amounts per acre to be determined by air district
Air Curtain Burning (only for material with embedded wire, such as cordon-pruned vineyards)	Maximum funding amounts per acre to be determined by air district	Not eligible for funding	Maximum funding amounts per acre to be determined by air district

1. There are no minimum match requirements for participation in the program; however, participants must pay for any costs that exceed the incentive amount.
2. Air districts may choose to use lower maximum funding amounts at their discretion to meet local needs.
3. The final funding amount reimbursed may be less than the maximum incentive amount if the final invoice amount for the project is less than the maximum incentive amount or if the final project is different from the proposed project. For example, the project proposed and funded was

100% soil incorporation, but the final project was 50% soil incorporation and 50% land application.

H. Eligible Costs

Air districts may include in their Policies and Procedures for this project type costs listed in the breakdown of services conducted, invoices, or receipts provided as part of the Claim for Payment packet that are eligible for funding.

Eligible project costs for services provided may include the following, but are not limited to:

1. Equipment move-in fees.
2. Wire, stake, support removal.
3. Pushing/piling.
4. Chipping.
5. Spreading.
6. Soil incorporation ripping.
7. Soil incorporation discing.
8. Tree rope removal.
9. Fuel.
10. Equipment maintenance specific to equipment used on approved orchard/vineyard removal.
11. Labor.
12. Contracted Services.
13. Hauling fees for transport of chipped material to approved off-site location.

I. Ineligible Costs

Ineligible project costs include the following:

1. Purchase, lease, or rental of land.
    (A) Land preparation for next crop.
    (B) Planning, permit, and design fees.

(C) Consultant fees.

(D) Administrative/staff time of public agency to participate.

(E) California Environmental Quality Act or environmental analysis cost.

(F) Haul away fees not related to transportation of chipped material to approved off-site location.

J. Project Eligibility Criteria

1. Removal site must be located 100% within California.
2. Projects funded will not be used as marketable emission reduction credits, to offset any emission reduction obligation, or for credit under any federal or State emission averaging, banking, and trading program.
3. Projects funded through this program may not be used to generate a compliance extension or extra credit for determining regulatory compliance. Final disposition of agricultural material must be used for soil incorporation, on-site land application, or off-site beneficial re-use, and cannot be used in any combustion processes such as biomass power generation, firewood, or pyrolysis.
4. No portion of the agricultural material from the orchard/vineyard removal can be burned or used in any of the aforementioned combustion processes, with the sole exception of air curtain burners for diseased materials or material with embedded wire such as cordon-pruned vineyards.
5. Agricultural material includes, but is not limited to: leaves, branches, trunks, roots, stumps, untreated sticks, grape vines, grape canes, and untreated grape stakes.
6. Land conversions intended for non-agricultural purposes are not eligible for this Program.
7. Applicant must certify the continued agricultural use of property from which the orchard or vineyard is removed.
8. Pruning projects are not eligible for funding.

K. Project Selection and Ranking

Projects will be approved on a first come, first served basis determined by the submittal of a complete program application. This process must be incorporated in the air district's Policies and Procedures.

L. Pre- and Post-Inspection

1. Pre-inspection will include, at a minimum, inspection of the proposed orchard/vineyard removal site to include confirmation of crop type, measurement of acreage to be removed, and pruning type for vineyard removals.
2. Post-inspection will include, at minimum, inspection of the removal site and confirmation of the final disposition of agricultural materials.
3. The air district will include in its post-inspections:
   (A) Photographs confirming the removal site and final disposition of agricultural materials, as applicable.
   (B) Map of removal sire with measured acreage.
   (C) Map of final disposition site.

M. Air District Requirements

1. All projects must comply with the requirements described in Chapter 3 of these Guidelines.
2. If implemented in an AB 617 selected community as part of a CERP selected measure, setting funding limit and defining small agricultural operations require inclusion of community steering committees in the decision-making process.
3. The air district has the discretion to offer additional incentive amounts for small agricultural operations. The air district must define "small agricultural operations" in their Policies and Procedures prior to implementing the program.
4. Air districts must set an annual maximum acre limit, per entity, per year.
5. In addition to supplying applicants with an application to fill out when applying for funding, the air district must also supply a set of terms and

conditions in the form of a Certifications Form by which the applicant must, via signed certification, agree to abide.

6. Similarly, the air district must develop and include a Claim for Payment packet that participants may fill out after completing their project in order to redeem their voucher and be reimbursed funds.

7. Air districts must complete a post-inspection of the site before funds may be reimbursed to the participant.

N. Reporting Requirements

Participants must ensure that project-related information is complete, correct, supported by documentation, and supplied to the air district upon request for the preparation of reports. This documentation must also be made available to CARB staff upon request.

O. Emission Reductions and Quantification Methodology

Emission reductions will be calculated using an approved CARB method or when applicable CARB's quantification methodologies and calculator tools and co-benefit assessment methodologies.

CHAPTER 14: LOW DUST NUT HARVESTER REPLACEMENT PROJECTS

A. Introduction

This chapter aims to reduce PM 2.5 emissions from nut harvesting operations by replacing old conventional nut harvesting equipment with new, low dust nut harvesting equipment. The project type requires the baseline equipment to be destroyed or rendered permanently in-operable after the new equipment is placed into operation.

B. Related Approved Air District Project Plans

1. Low Dust Nut Harvester Emission Reduction Project Plan, submitted by San Joaquin Valley Air Pollution Control District.

C. Projects Eligible for Funding

The following project types are eligible for funding:

1. Replace a Tier 3 or older tractor and an old power take-off (PTO) driven pull behind conventional nut harvester for a new zero-emission or new Tier 4 Final tractor and a new PTO-driven pull behind low dust nut harvester.
2. Replace an old PTO-driven pull behind conventional nut harvester with a new PTO-driven low dust nut harvester.
    (A) Participant will be required to utilize a tractor equipped with a Tier 4 Final or cleaner engine to pull the PTO-driven low dust nut harvester for the life of the project.
    (B) If participant does not currently own a tractor equipped with a Tier 4 or cleaner engine to pull the new low dust nut harvester, funding is available to replace the old, Tier 3 or older tractor with a new tractor.
3. Replace a Tier 3 or older tractor and an old PTO-driven pull behind conventional nut harvester for a new, low dust self-propelled nut harvester.

4. Replace a Tier 3 or older conventional self-propelled nut harvester with a new, low dust self-propelled nut harvester.

5. Replace a Tier 3 or older conventional self-propelled nut sweeper and nut shaker (if applicable) with a new, low dust shaker/sweeper combination unit.

6. The eligible projects described in this section must meet the following criteria:

   (A) The replacement equipment must serve the same function and perform the same work equivalent as the existing equipment (e.g., replacement of an agricultural tractor with another agricultural tractor) with the exception of participants being allowed to turn in both an old agriculture tractor and an old, PTO-driven conventional nut harvester for a new, low dust self-propelled harvester. With this exception, the work performed must be equivalent between the old tractor and the self-propelled harvester.

   (B) Eligible low dust nut harvesting equipment must achieve at least a 40% reduction of PM emissions as demonstrated by CARB approved methodology.

   (C) The project may not result in a net increase of any specific criteria air pollutant.

   (D) The participant will be required to destroy and render permanently inoperable the existing, old tractor and the old, PTO-driven conventional nut harvester, old conventional self-propelled nut harvester, and old, conventional self-propelled nut sweeper and nut shaker (if applicable) in accordance with established air district criteria.

D. Eligible Participants

Public and private entities that own and operate nut harvesting equipment.

E. Participant Requirements

1. Remain the owner of the new equipment through the full term of the agreement. If the new equipment is sold during the agreement term, then the new owner of the equipment must assume the agreement

obligations with the air district and comply with the terms and conditions outlined in the original agreement. The air district must approve the equipment ownership change prior to its sale.

2. Maintain the replacement equipment in accordance with manufacturer specifications.

3. The participant must maintain insurance coverage for the replacement equipment as required by law for the duration of the project life. The participant is encouraged to have replacement value insurance coverage to ensure complete repair or replacement in the event of major damage to the equipment. If the equipment is not repaired and replaced during the project life, the applicant must return prorated funds.

4. Purchase a minimum of a one-year or 1,600 hours power and drive train warranty for the self-propelled replacement equipment. Purchase of a minimum of a one-year warranty for the PTO pull-behind low dust nut harvester.

   (A) Warranty must cover parts and labor.

   (B) Documentation must be provided to the air district when submitting a claim for reimbursement.

   (C) Extended warranty costs are not eligible for funding.

5. Ensure the existing baseline equipment is destroyed and permanently inoperable.

6. Submit annual reports to the air district through the full term of the agreement.

7. Install and maintain an operational hour meter on the new low dust self-propelled nut harvester. Future annual hours of equipment operation for determining emission reductions must be based only on readings from an installed and fully operational hour meter.

   (A) The cost of an hour meter is eligible for incentive funding and should be included in the quoted price if the equipment does not have a functioning meter at the time of the project.

   (B) If during the project life, the hour meter fails for any reason, the hour meter must be repaired or replaced as soon as possible at the owner's cost.

F. Dismantling Requirements

The participant must surrender their existing equipment (i.e., harvester and/or tractor as applicable) to a participating dismantler with which the air district has entered into an agreement, and the dismantler must permanently destroy the equipment.

The existing equipment specified in the application must be dismantled and may not be substituted with different equipment. For PTO-driven conventional nut harvesters, the PTO shaft and associated components must be cut, as well as any other structural components that will render the existing equipment inoperable.

G. Project Life

The maximum project life is 10 years. Participants must ensure that project-related information is complete, correct, supported by documentation, and supplied to the air district or CARB upon request for the preparation of reports.

H. Maximum Eligible Funding Amount

Table 14-1: Maximum Eligible Funding Amounts

Maximum percentage of Eligible Cost	Eligible Project
90% of eligible costs	Zero-emission agricultural tractor replacement
80% of eligible costs	Tier 4F agricultural tractor replacement
80% of eligible costs	Low Dust Nut Harvester replacement
80% of eligible costs	Low Dust Shaker/Sweeper Combination Unit replacement

I. Eligible Costs

1. Implements or attachments on the new replacement equipment may be eligible for funding if the existing equipment was also similarly equipped, and the replacement equipment requires such implements or attachments to perform the same activities as the existing equipment.

Such instances will be reviewed and approved on a case-by-case basis by the air district staff.

2. The cost of an hour meter is an eligible cost for low dust self-propelled harvester.

3. The cost of an hour meter is an eligible cost for Tier 4F or cleaner tractors being used to pull new, low dust PTO-driven pull behind nut harvester, self-propelled low dust nut harvester or self-propelled low dust nut shaker and nut sweeper equipment. Standard warranty, setup, document preparation fees, and freight costs.

4. Replacement equipment must have fewer than 500 hours at the time of sale. Used equipment is eligible for funding as replacement equipment if it meets all criteria listed in the guidelines.

J. Ineligible Costs

1. Additional attachments that are not normally sold with the original equipment, as determined by the air district.

2. Extended warranty, maintenance, or repair costs.

3. New replacement equipment engines that are compression ignition (CI) or diesel engines that:

   (A) Are participating in the averaging, banking, and trading program that are certified to family emission limits.

   (B) Have emission limits higher than the applicable emission standards, as designated in the CARB Executive Order.

   (C) Are participating in the "Tier 4 Early Introduction Incentive for Engine Manufacturers" program. The CARB executive orders for these engines reference that the engines are certified under this citation.

K. Project Eligibility Criteria

The existing baseline equipment must meet the following requirements:

1. A conventional PTO-driven pull behind or a self-propelled off-road agricultural nut harvester that is not a low dust verified model. If the existing baseline nut harvester is self-propelled it must have a CI engine greater than or equal to 25 horsepower.

2. The self-propelled nut harvester, self-propelled nut sweeper and nut shaker or agricultural tractor must have an uncontrolled (Tier 0), Tier 1, Tier 2, or Tier 3 engine. This must be documented in the application and will be verified through an inspection process conducted by air district staff.

3. Owned and operated in California for the previous two years. If selected for funding, provide ONE of the supporting documents from the following list showing ownership for the previous two years (24 months):

   (A) Bill of Sale for the old equipment (preferred).

   (B) Tax depreciation logs.

   (C) Property tax records.

   (D) Equipment insurance records.

   (E) Bank appraisals for the equipment.

   (F) Maintenance/service records.

   (G) General ledgers.

   (H) Fuel records specific to the existing equipment that identify the equipment owner.

   (I) Other documentation approved by the air district on a case-by-case basis.

4. In operational condition at the time of application submission and air district inspections. If selected for funding, provide ONE of the following supporting documents showing operational status of the existing, baseline equipment for the previous one year:

   (A) Revenue and usage records that identify operation, standby, and down hours for the existing equipment.

   (B) Routine inspections which document the operating condition of the existing equipment (Occupational Safety and Health Administration or workplace required).

   (C) Employee timesheets linked to specific equipment use.

   (D) Preventative maintenance/service records tied to specific hours of equipment use.

   (E) Repair work orders specific to the equipment.

(F) Other documentation approved by the air district on a case-by-case basis.

5. Must be destroyed and rendered permanently in-operable after the new equipment is placed into operation. Destruction of the existing, baseline equipment must be performed by a participating dismantler contracted by the air district.
6. If the new low dust nut harvester is self-propelled it must have the cleanest engine meeting the most recent model year California emission standard.
7. Have only the minimum attachments normally sold with the original equipment as determined air district staff.

L. Project Selection and Ranking

Projects will be selected according to the process established in the air district's Policies and Procedures.

M. Pre- and Post-Inspection

1. All projects must comply with the requirements described in Chapter 3 of these Guidelines.
2. Air districts must verify the operational condition of the existing, baseline equipment though a pre-inspection.
3. Air districts must conduct a post-inspection of the replacement equipment prior to disbursement of funds to the participant.
4. Participants must make the equipment available to air district or CARB staff upon request throughout the duration of the project life.

N. Air District Requirements

All projects must comply with the requirements described in Chapter 3 of these Guidelines.

O. Reporting Requirements

Applicants must ensure that project-related information is complete, correct, supported by documentation, and supplied to the air district upon request for

the preparation of reports. This documentation must also be made available to CARB staff upon request. The district will report program information in accordance with these Guidelines.

P. Emission Reductions and Quantification Methodology

For low dust nut harvesters, PM 2.5 emission reductions will be calculated using an approved CARB method or when applicable CARB's quantification methodologies and calculator tools and co benefit assessment methodologies.

For other criteria air pollutants like NOx, PM with a diameter less than 10 micrometers, and ROG, the requirements outlined in the CAP Incentives Guidelines for mobile agricultural tractors are required to abide by all project criteria set forth in the Moyer and FARMER Program Guidelines and any future approved Guidelines, and current and future Program Advisories and mail-outs. This includes the Moyer Program's cost-effectiveness thresholds and reporting requirements, except as modified in the CAP Incentives Guidelines or through subsequent actions by CARB's Executive Officer for the CAP Incentives Program.

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CHAPTER 15: WOODSMOKE REDUCTION PROJECTS

A. Introduction

This project type is intended to promote the voluntary replacement of old wood-burning home heaters with cleaner and more efficient alternatives. Replacing old wood-burning devices will reduce emissions of fine particulate matter, black carbon, and TAC from residences using uncertified or older wood or pellet stoves, inserts, or fireplaces as a primary heating source. Additionally, this project type offers incentives for applicants who wish to retire their existing devices without replacement.

This chapter describes the minimum criteria and requirements for CAP Incentives Woodsmoke Reduction projects. Air districts may set more stringent requirements based upon local priorities.

B. Related Approved Air District Project Plans

1. Woodsmoke Reduction Program submitted by Calaveras County Air Pollution Control District.
2. Woodsmoke Reduction Program submitted by El Dorado County Air Quality Management District.
3. Residential Wood Burning Emission Reduction Program submitted by San Joaquin Valley Air Pollution Control District.
4. Woodsmoke Reduction Program submitted by Mendocino County Air Quality Management District.
5. Butte County Air Quality Management District Woodsmoke Reduction Program.

The Greater Portola Area Wood Stove Change Out Program,[88] implemented by the Northern Sierra Air Quality Management District, was also referenced for the development of this chapter.

[88] Northern Sierra Air Quality Management District. (2025). *Portola Woodstove Change Out Program.* https://www.myairdistrict.com/portola-woodstove-change-out-program.

C. Projects Eligible for Funding

Existing Device Eligibility. Funding is for retirement or replacement of a device that is used as a primary heat source in a residence and that is one of the following:

(A) Uncertified[89] wood stove, insert, or fireplace.

(B) Phase I device (wood stove or insert certified to 1988 U.S. EPA emission standards).[90]

(C) Certified[2] wood stove that is 15 years old or older with emissions controls in disrepair. Disrepair may include but is not limited to broken catalyst/ceramic, broken baffle or air tubes, and cracked glass.

(D) Certified wood stove that is in operational order and 10 years old or older. May not be replaced with another wood stove.

(E) Uncertified pellet stove that is 15 years old or older. May not be replaced with a wood stove.

Replacement Device Eligibility. An eligible stove, insert, or fireplace must be either retired or replaced. The replacement device must be a cleaner-burning and more efficient alternative. Certain replacement devices are only eligible depending on the existing device that is being replaced (e.g., section (A)(1) below). Refer to Section J.2: *Replacement stove, insert, or fireplace requirements* for further details on replacement device eligibility. The following devices may be eligible replacement devices:

(A) Certified wood or pellet stove or insert.

(1) A certified wood stove is not an eligible replacement device for a certified wood stove that is in operational order and 10 years old or older or an uncertified pellet stove 15 years old or older.

(B) Natural gas stove or insert.

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[89] An uncertified device has not been certified by the U.S. EPA to comply with the performance and emission standards, described in Section J.1.(B). A certified device has been certified to meet these standards.

[90] U.S. EPA. (1988, February 28). *Title 40 Code of Federal Regulations, Part 60, Subpart AAA*. https://www.ecfr.gov/current/title-40/chapter-I/subchapter-C/part-60/subpart-AAA.

(C) Propane stove or insert.

(D) Electric stove or insert.

(E) Electric heat pump.

Table 15-1. Eligible replacement devices based on existing device being replaced.

Existing device	Replace to Certified wood: Stove, Insert	Replace to Certified pellet: Stove, Insert	Replace to Natural gas: Stove, Insert	Replace to Propane: Stove, Insert	Replace to Electric: Stove, Insert	Replace to Electric heat pump
Uncertified: Wood stove, Insert, Fireplace	Yes	Yes	Yes	Yes	Yes	Yes
Phase I device: Wood stove, Insert	Yes	Yes	Yes	Yes	Yes	Yes
Certified wood stove in disrepair, 15 years old or older	Yes	Yes	Yes	Yes	Yes	Yes
Certified wood stove in operational order, 10 years old or older	No	Yes	Yes	Yes	Yes	Yes
Uncertified pellet stove, 15 years old or older	No	Yes	Yes	Yes	Yes	Yes

D. Eligible Applicants

Applicants are residents that currently rely on an eligible device as a primary source of heat at their residence, which they may either own or rent.

E. Applicant Requirements

For applicants retiring their existing device:

1. For the purposes of these Guidelines, retirement means rendering the existing device permanently inoperable with supporting documentation. The existing device must be made permanently incapable of burning wood. Methods that temporarily disable the device will not satisfy this requirement.
2. The applicant must schedule an in-home estimate with a participating contractor licensed in the State of California (see Section L: *Participating Installer and Contractor Requirements*) for the retirement of the stove, insert, or fireplace.
3. Applicants must complete an application and submit it to the air district for review and approval.
4. Applicants who retire their stove, insert, or fireplace prior to project approval by the air district will no longer be eligible for funding.
5. Retiring an existing device to ensure that emissions reductions are permanent may require multiple steps depending on the existing device type.
    (A) **For stoves and inserts:** Applicants may either surrender their stove or insert to a dismantling or recycling facility, if recycling is available in the area, or to the contractor for permanent destruction. Applicants who surrender their device to a dismantling/recycling facility must provide proof of device submittal, such as a receipt from the facility and any remaining structural parts that would allow the continuation of wood-burning must be rendered permanently inoperable. This may include sealing the ventilation of a free-standing stove.
    (B) **For fireplaces:** The fireplace and chimney must be rendered permanently inoperable and incapable of burning wood. This may include sealing the interior cavity of the fireplace with masonry.
6. The existing device must be rendered permanently inoperable, and verification of retirement must be sent to the air district before payment can be issued to the contractor for retirement of the device.

7. Applicants may only retire one stove, insert, or fireplace per residence. Residences that previously received woodsmoke reduction program incentives are not eligible.

8. The applicant or contractor is responsible for procuring any necessary permits or other required approval per local or State ordinances.

9. Applicants may either own or rent their residence.

    (A) For rental properties, prior to a project being approved by the air district, the applicant must provide verification to the air district that the renter(s), property owner, and/or Homeowners Association or similar agree to the project scope. The air district may choose which documentation will be acceptable for this requirement.

For applicants replacing their existing device:

1. The applicant must schedule an in-home estimate with a participating installer. Unless the air district provides verification, the installer may then verify the existing device's eligibility according to Section J.1: *Existing stove, insert, or fireplace requirements*.

2. Applicants must complete an application and submit it to the air district for review and approval.

3. Applicants must select an eligible replacement device. Eligible devices are listed in Section J.2.(B).

4. Applicants must have the replacement device professionally installed by a participating installer licensed in the State of California (see Section L: *Participating Installer and Contractor Requirements*).

5. Applicants must agree to provide information to the air district and allow the air district and/or installer to verify that information.

6. If replacing an uncertified device, applicants must confirm that their stove, insert, or fireplace is uncertified by following the methods laid out in Section J.1: *Existing stove, insert, or fireplace requirements.*

7. Applicants who remove their wood stove, insert, or fireplace prior to an in-home estimate will no longer be eligible for funding.

8. Applicants may not self-install any devices funded with CAP Incentives.

9. To ensure that emissions reductions from replacement of the existing device are permanent, applicants must either surrender their stove or

insert to a dismantling/recycling facility, or to the installer to be rendered permanently inoperable.

(A) In the case of fireplaces, if the replacement device is a certified fireplace insert then the fireplace does not need to be rendered inoperable. If the replacement device is not a certified fireplace insert, the fireplace and chimney must be rendered permanently inoperable and incapable of burning wood.

(B) Applicants who surrender their existing devices to a dismantling/recycling facility must provide proof of device submittal, such as a receipt from the facility, and any remaining structural parts that would allow the continuation of wood-burning must be rendered permanently inoperable. This may include sealing the ventilation of a free-standing stove.

(C) When an existing device is replaced by an electric heat pump or electric stove, the air district may choose to grant approval for the applicant to keep the existing device to use in case of emergency (e.g., during a power outage).

10. The existing device must be rendered permanently inoperable, and verification must be sent to the air district before payment can be issued to the installer for replacement of the existing device.

11. The applicant must agree to retain their replacement device for the duration of the project life. The applicant must certify that they will not sell the device before the end of the project life.

12. Applicants are only eligible for the replacement of one wood stove, insert, or fireplace per residence. Residences that previously received woodsmoke reduction program incentives are not eligible.

13. Applicants may either own or own or rent their residences.

(A) For rental properties, prior to a project being approved by the air district, the applicant must provide verification to the air district that the renter(s), property owner, and/or Homeowners Association or similar agree to the project scope. The air district may choose which documentation will be acceptable for this requirement.

(B) Property owners must provide written acknowledgement that for a period of two years, the replacement device will not be

considered the sole reason for increased property value that would result in a rent increase or tenant eviction.

14. The applicant or installer is responsible for obtaining any building permits or other required approval per local or State ordinances.

15. Low-income applicants that do not reside within disadvantaged communities, low-income communities, or on tribal lands must verify that their household income does not exceed thresholds identified in the air district's Policies and Procedures manual.

Applicants that receive project approval are considered participants in the project and must follow the requirements to which they agreed in their application and contract with the district.

F. Project Life

For the purposes of quantification of emission benefits, air districts may use a minimum project life of 10 years and a maximum of 20 years.

G. Maximum Eligible Funding Amounts

1. All applicants, regardless of income or geographic designation, may be eligible for up to $500 for the retirement only of a wood or pellet stove or insert or $1,000 for the retirement only of a fireplace.

2. For applicants from low-income households or located in low-income communities, disadvantaged communities, or on tribal lands (see above Section E.H.15):

   (A) Funding cannot exceed $7,000 or 100% of the total eligible cost, whichever is lower, for the replacement of the existing device with an eligible wood, pellet, natural gas, propane or electric stove or insert.

   (B) For electric heat pump installations, these applicants may be eligible for up to $12,000 or 100% of the total eligible cost, whichever is lower, of the replacement.

3. For all other applicants, regardless of income or geographic designation:

(A) Funding cannot exceed $2,500 or 85% of the total eligible cost, whichever is lower, for the replacement of the existing device with an eligible wood, pellet, natural gas, or propane stove or insert.

(B) Funding cannot exceed $2,500 or 100% of the total eligible cost, whichever is lower, for the replacement of the existing device with an electric stove or insert.

(C) For electric heat pump installations, applicants may be eligible for up to $7,000 or 100% of the total eligible cost, whichever is lower, of the replacement.

Table 15-2. Maximum eligible funding amounts for applicants based on income/geographic designation, type of existing device being replaced, and the replacement device.

Applicant income/geographic designation	Existing device	Replacement device	Maximum eligible funding amount
Standard[1]	Wood or pellet stove, insert, or fireplace	Wood or pellet stove or insert, natural gas stove or insert, propane stove or insert	Up to $2,500 or 85% of eligible costs, whichever is lower
Standard	Wood or pellet stove, insert, or fireplace	Electric stove or insert	Up to $2,500 or 100% of eligible costs, whichever is lower
Low-income applicant[2] **LIC, DAC, tribal land**	Wood or pellet stove, insert, or fireplace	Wood or pellet stove or insert, natural gas stove or insert, propane stove or insert	Up to $7,000 or 100% of eligible costs, whichever is lower
Low-income applicant **LIC, DAC, tribal land**	Wood or pellet stove, insert, or fireplace	Electric stove or insert	Up to $7,000 or 100% of eligible costs, whichever is lower
Standard	Wood or pellet stove, insert, or fireplace	Electric heat pump	Up to $7,000 or 100% of eligible costs, whichever is lower
Low-income applicant **LIC, DAC, tribal land**	Wood or pellet stove, insert, or fireplace	Electric heat pump	Up to $12,000 or 100% of eligible costs, whichever is lower

[1] Standard applicants are eligible for funding up to $2,500 or 85% of total eligible costs, whichever is lower, for device replacement when the replacement device is not electric. When the replacement device is an electric stove or insert, standard applicants are eligible for up to $2,500 or 100% of total eligible costs, whichever is lower. When the replacement device is an electric heat pump, standard applicants are eligible for up to $7,000 or 100% of total eligible costs, whichever is lower.

[2] Applicants from low-income households and applicants located in a DAC, LIC, or on tribal lands are eligible for up to $7,000 or 100%, whichever is lower, for device replacement when the device is not an electric heat pump. When the replacement device is an electric heat pump, these applicants are eligible for up to $12,000 or 100% of total eligible costs, whichever is lower.

Table 15-3. Maximum eligible funding amounts for applicants based on the type of device being retired.

Existing device	Maximum eligible funding amount
Wood or pellet stove or insert	Up to $500
Fireplace	Up to $1,000

H. Eligible Costs

Eligible project costs may include the following:

1. The cost of the replacement device including sales tax.
2. Installation including any parts, materials, permits, or labor required for the safe and legal installation of the replacement device.
3. If a residence lacks functional smoke, carbon monoxide, and/or natural gas detectors in the case where the replacement device is a gas stove, the air district may include cost to purchase and install such detectors as an eligible cost.
4. Removal and disposal of the existing device.
    (A) For the retirement only of a device, eligible costs only include the costs of the removal of the existing device and costs incurred to render permanently inoperable any remaining structural parts that would allow the continuation of wood burning.
5. All eligible costs must be supported by appropriate documentation.
6. Districts have the option to implement either a voucher or rebate model and will pay either the applicant or installer the approved incentive amount depending on the terms of the district's individual program requirements. Any additional balance due will be paid by the applicant. See Section K: *Air District Requirements* for more information about the voucher and rebate models.

I. Ineligible Costs

Ineligible costs include the following:

1. Portable home heating devices not permanently affixed to the home structure (e.g., space heaters).
2. Upgrades beyond a basic model.
3. Any cost not directly related to the retirement or replacement, including cost of remodeling or repair work beyond what is required to complete the retirement or replacement.
4. Costs incurred outside of the performance period except where air districts determine that such costs are necessary to ensure the safe and timely installation of the replacement device. These costs may include but are not limited to preparation costs like chimney sweeps, electrical work, and gas line installation.
5. Indirect or overhead costs incurred generally as part of normal business operations within an organization.
    (A) An example of indirect costs is salaries and benefits of employees who are not directly assigned to work on the project.
    (B) An example of overhead costs is rent, utilities, and general office supplies.
6. Cost of food or beverages (for example, food served at related outreach events).

J. Project Eligibility Criteria

1. **Existing stove, insert or fireplace requirements.**
    (A) For the purposes of this project type, a stove refers to a permanently installed free-standing wood stove, pellet stove, natural gas stove, propane stove, or electric stove, or a stove installed in a masonry fireplace cavity or other enclosure (commonly referred to as an insert).
    (B) An uncertified stove or insert is one that has not been certified by the U.S. EPA to comply with the performance and emission standards for newly manufactured devices as defined in Title 40 Code of Federal Regulations, Part 60, Subpart AAA, February 28,

1988, or any subsequent revisions and that is labeled pursuant to those regulations. Applicants may use the following methods to determine if their existing stove is uncertified:

(1) Determine when the stove or insert was installed. Devices installed before July 1, 1990 do not comply with particulate matter emission standards

(2) Compare the device model against the U.S. EPA current and historical list of certified wood heaters.[91] If the device's manufacturer and model are not on the current or historical lists, the applicant may consider the device as uncertified and eligible for funding.

(3) Check the back of the device for a certification label. Certified devices will have a label permanently affixed to them stating that the stove is certified to comply with the 1988, 1990, 2015, or 2020 U.S. EPA standards. Devices that do not have any label describing particulate matter emission standards are considered uncertified and are eligible for retirement or replacement funding.

(C) For the purposes of eligibility, all fireplaces count as uncertified heating devices. Fireplaces are eligible for retirement or replacement if they are a primary source of heat in a household, and they are subject to the following requirements:

(1) The existing fireplace must be structurally sound to be replaced with an insert utilizing wood, natural gas, propane, or electricity.

(2) In cases where the existing fireplace is not structurally sound, the applicant can still be eligible for retirement only or purchase of an eligible free-standing home heating device or electric heat pump. In this case, the existing fireplace and chimney must be rendered permanently inoperable unless the replacement device is an electric heat pump, in which case the applicant may retain the

[91] U.S. EPA. (2025). *EPA-Certified Wood Stove Database.* https://cfpub.epa.gov/oarweb/woodstove/index.cfm?fuseaction=app.search.

fireplace for use in case of emergency (see Section K: *Air District Requirements*).

(D) A certified stove or insert is one that has been certified by the U.S. EPA to comply with the performance and emission standards for newly manufactured devices as defined in Title 40 Code of Federal Regulations, Part 60, Subpart AAA, February 28, 1988, or any subsequent revisions and labeled pursuant to those regulations. Applicants may use one of the following methods to determine whether a device is certified:

(1) Compare the device model against the U.S. EPA current and historical list of certified wood heaters . If the device's manufacturer and model are on the current or historical lists, the applicant may consider the stove as certified.

(2) Check the back of the device for a certification label. These devices will have a label permanently affixed to them stating that the stove is certified to comply with the 1988, 1990, 2015, or 2020 U.S. EPA standards.

a. To be eligible for replacement of a certified device, applicant must verify the date of installation and/or manufacture of the device.

2. **Replacement stove, insert, or fireplace requirements.**

(A) Eligible stoves, inserts, or fireplaces must be replaced by a cleaner-burning and more efficient alternative.

(B) The following devices are eligible to replace an uncertified device or Phase I device:

(1) Certified wood stove, wood insert, pellet stove, or pellet insert with particulate matter emission rates not exceeding 2.0 g/hr certified to the U.S. EPA "Step 2" New Source Performance Standards.[92]

a. Hybrid and catalytic wood stoves are eligible as replacement devices.

[92] U.S. EPA. (2025). *EPA-Certified Wood Stove Database.* https://cfpub.epa.gov/oarweb/woodstove/index.cfm?fuseaction=app.search.

b. Only select non-catalytic wood stoves are eligible as replacement devices. Eligible non-catalytic wood stoves must be either approved by the State of Alaska for installation in the Fairbanks PM2.5 Nonattainment Area[93] or have their test certifications federally reviewed and approved by the U.S. EPA.[94]

(2) Natural gas stove or insert.

(3) Propane stove or insert.

(4) Electric stove or insert.

(5) Electric heat pump.

(C) Certified wood stoves that are in operational order and 10 years old or older and uncertified pellet stoves that are 15 years old or older may not be replaced with a wood stove. The following are eligible replacement devices:

(1) Certified pellet stove or pellet insert with particulate matter emission rates not exceeding 2.0 g/hr certified to the U.S. EPA "Step 2" New Source Performance Standards.

(2) Natural gas stove or insert.

(3) Propane stove or insert.

(4) Electric stove or insert.

(5) Electric heat pump.

(D) The replacement device must be permanently installed by an appropriately licensed, and participating installer. For more information about participating installers, see Section L: *Participating Installer Requirements*.

(E) Portable home heating devices not permanently affixed to the home structure are not eligible as replacement options.

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[93] Alaska Department of Environmental Conservation Division of Air Quality. (2024, Nov 11). *List of DEC Approved Wood Stoves (PDF).* https://dec.alaska.gov/air/burnwise/standards/.

[94] U.S. EPA. (2025, Feb 24). *EPA-Approved Test Labs and Third-Party Certifiers for Residential Wood Heaters*. https://www.epa.gov/burnwise/epa-approved-test-labs-and-third-party-certifiers-residential-wood-heaters.

K. Air District Requirements

1. Air districts must review submitted applications to determine if the applicant meets preliminary eligibility requirements, including verifying the following:

   (A) Eligibility of the existing device, including verifying that it is uncertified or its installation date as applicable, that it is operational, and that it is used as a primary heat source at the residence.

   (B) Eligibility of the replacement device as described in Section J.2: *Replacement stove, insert, or fireplace requirements*.

2. Air districts must verify that the residence lies within a disadvantaged or low-income community, as designated by maps available on the California Climate Investments to Benefit Disadvantaged Communities webpage[95] or the most recent version of CalEnviroScreen,[96] or on tribal lands. The air district must verify household income for low-income applicants that do not reside in low-income communities according to their Policies and Procedures, which should be updated according to guidance in Appendix C of these Guidelines and the most recent CCI Funding Guidelines. Air districts may use a variety of methods to verify household income, including:

   (A) Using California Climate Investment's tool for determining low-income thresholds based on county and household size[97] or other tools on their Benefits Assessment Tools webpage.[98]

   (B) Examining pay stubs or tax returns for all members of the household.

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[95] California EPA. (2022, May). *Final Designation of Disadvantaged Communities Pursuant to Senate Bill*. https://calepa.ca.gov/wp-content/uploads/2022/05/Updated-Disadvantaged-Communities-Designation-DAC-May-2022-Eng.a.hp_-1.pdf.

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

[97] California Climate Investments. (2024, Sept). *Low-income household tool*. https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/map/low-income_household_tool_rSept2024.xlsx.

[98] California Climate Investments. (2025). *Benefit Assessment Tools.* https://www.caclimateinvestments.ca.gov/benefit-assessment-guide.

(C) The air district may ask the applicant to provide proof of participation in existing federal or state low-income assistance programs.[99]

3. The air district will have the flexibility to implement the program using either a voucher or rebate model.

   (A) Following a voucher model, eligible applicants are issued vouchers by the air district that reduces the cost the applicant pays the participating installer or contractor by the approved incentivized amount to purchase, install, and/or dispose of the eligible device. Air districts will issue vouchers in coordination with participating installers or contractors to ensure the invoice reflects the approved voucher incentive amount prior to the purchase, installation, and/or removal of the device. Air districts will reimburse the participating installer or contractor after the project eligibility requirements, proof of purchase and/or financing reflecting the incentivized amount, and that the project requirements have been met in accordance with these guidelines for these two project types:

      (1) For retirements, existing device has been retired by a participating contractor that properly removed and disposed of their existing device.

      (2) For replacements, the eligible replacement device has been installed by a participating installer that properly disposed of their existing device.

   (B) If a Program follows a rebate model, eligible applicants are issued a reimbursement for the air district approved incentivized amount for the eligible device(s) and/or services. Air districts will reimburse the participating installer or contractor after the project eligibility requirements, proof of purchase and/or financing, and that the project requirements have been met in accordance with these guidelines for these two project types:

[99] Examples of low-income assistance programs include: the U.S. Department of Agriculture's *Women, Infants, and Children* Program; the U.S. Department of Health and Human Services' *Low Income Energy Assistance Program*; and participating California utility companies' *California Alternate Rates for Energy* Program.

(1) For retirements, the applicants have paid for the retirement of their existing device by a contractor that properly removed and disposed of their existing device.

(2) For replacements, the applicants have purchased an eligible device, had it installed by a participating installer that properly disposed of their existing device.

(C) Districts choosing to follow a rebate model must ensure that a low-income applicant and applicants in disadvantaged and low-income communities and on tribal lands are able to participate. This may require offering vouchers in lieu of rebates or administering the project with a combination of rebates and vouchers.

4. Unless the air district provides verification, installers or contractors must verify that the stove or insert is eligible during an in-home estimate.

5. Air districts using the voucher model must establish terms and conditions to which participating installers or licensed contractors must agree and must maintain a list of participating installers or licensed contractors. Terms and conditions should include, but not be limited to, the following elements:

(A) The installer or contractor must agree to abide by the terms and conditions.

(B) The installer or contractor must agree to any key milestone dates included by the air district.

(C) Unless the air district performs such verification, the installer or contractor must verify the eligibility of existing devices and, if applicable, replacement devices.

(D) The installer or contractor must provide a base cost estimate for the removal and retirement of the existing device. If replacing, the installer or must provide a base cost-estimate for the installation of a basic device model that will be safe, clean-burning, and efficient.

(E) The installer must conduct professional installation of eligible devices in compliance with all applicable city, county, and State codes and ordinances.

(F) The installer must provide residents with training in device operation and maintenance and, if applicable, best practices in wood storage and burning.

(G) The installer or contractor must render the existing device inoperable and recycle it, if recycling is available in the area and if the applicant and installer agree that the installer will undertake this responsibility. The applicant may opt to take the existing device to a dismantling/recycling facility and submit proof of device submittal.

(H) If the replacement device is an electric heat pump, the air district may choose to grant approval for the applicant to keep the existing device to use in case of emergency (e.g., during a power outage).

6. If the air district is funding the replacement of a structurally unsound fireplace with an eligible free-standing home heating device (see Section J.2: *Replacement stove, insert, or fireplace requirements*), it must verify that the fireplace is rendered permanently inoperable unless the replacement device is an electric heat pump, in which case the air district may choose to grant approval for the applicant to keep the existing fireplace to use in case of emergency.

7. The air district must notify the applicant to inform them whether their application was approved. The air district must treat applications in accordance with California Public Records Act requirements and that information, subject to those requirements, may be publicly disclosed.

8. Air districts must collect and maintain in their project files the following pieces of information related to each project:

(A) Project or tracking number for each retirement or replacement.

(B) Location of retirement or replacement, which may be represented by a residential address or a set of GPS coordinates.

(C) Incentive amount, plus verification that the applicant qualifies for a grant amount beyond the incentive for standard applicants.

(D) Type of device being retired or replaced (i.e., a stove, insert, or fireplace).

(E) Replacement device type and model, if applicable.

(F) Estimate of the quantity of wood burned annually prior to retirement or replacement, plus documentation on how the air district derived that estimate.

(G) Replacement device emission rates and efficiency, if available.

(H) Date of retirement of the existing device and if applicable, installation of the replacement device.

(I) Copy of applicable final city, county, and/or state permits.

(J) Photographic evidence of retirement or replacement completion, including "before" and "after" photos showing existing and retirement of the existing device or replacement devices in relation to the room where they were or are installed.

(K) Verification of destruction of the existing device or, if applicable, verification that the existing fireplace and chimney have been rendered permanently inoperable.

(L) Verification that the existing device has been recycled, if applicable.

9. Air districts must maintain the documentation required above in their project files for at least three years after project completion.

L. Participating Installer and Contractor Requirements

1. Installers and contractors must be licensed in the State of California. The air district may determine which licensures will be acceptable for the implementation of its local program.
2. Installers and contractors interested in participating must agree to and sign the terms and conditions set by the air district. Please see Section K.4 above.
3. The applicant will schedule an in-home estimate with a participating installer or contractor. Unless the air district provides verification, the installer or contractor must verify the stove's eligibility according to Section J.1: *Existing wood stove, insert, or fireplace requirements*.
4. The applicant or the installer or contractor are responsible for obtaining any building permits or other required approval per local or State ordinances.

5. If an installer or contractor delivers the existing device to a recycler, the recycler must certify that they will destroy the device and render it usable only as recycled scrap. The installer or contractor must receive a completed Recycler Certification Form and must submit that form to the air district alongside other documentation required for reimbursement.

M. Reporting Requirements

Air districts are required to collect and report all information as outlined in Chapter 3, Section K: *Yearly Report*.

N. Project Benefits and GHG Emission Reduction Calculation Methodology

1. Air districts must use CARB's Woodsmoke Reduction Program Benefits Calculator Tool, available on its webpage, to determine the GHG emissions reduced by each wood burning stove replacement project.
2. Woodsmoke reduction projects can also reduce emissions of fine particulate matter, black carbon, and toxic air contaminants. Newer wood stoves, inserts, and fireplaces are also more efficient, typically using up to one-third less wood than an older device to produce an equivalent amount of heat.

APPENDIX A: COMMUNITY AIR PROTECTION FUNDS MOYER GUIDELINE SUPPLEMENT

A. Introduction

This Appendix is intended to provide guidance to air district staff utilizing CAP Incentives to implement projects under the Moyer or Proposition 1B Programs. The Legislature directed that such projects under both programs be eligible for expenditures of CAP Incentives in AB 134 (Committee on Budget, Chapter 254, Statutes of 2017), SB 856 (Committee on Budget & Fiscal Review, Chapter 30, Statutes of 2018), and in statutory direction codified in H&SC section 44391.4.

For Moyer Program projects, air districts will refer to the individual source category chapters (Chapters 4 through 10) in the 2017 and 2024[100] Moyer Guidelines, adopted by the Board on April 27, 2017, and October 24, 2024, respectively, as actively reflected in their Policies and Procedures. The criteria in a source category chapter apply to all allowable project types in that chapter. Specific direction or additional flexibility is laid out in this Appendix, per source category.

For clean truck projects implemented in accordance with the Proposition 1B Program, air districts will refer to the *Proposition 1B 2015 Goods Movement Emission Reduction Program Guidelines* and to Appendix B of these CAP Incentives Guidelines for information relating to funding amounts and truck evaluation criteria for those projects.

Project selection should prioritize zero-emission equipment or infrastructure whenever feasible. When zero-emission technologies are not feasible, engines certified to the lowest optional NOx standard are preferred over diesel engines meeting current emissions standards, or highest certified Tier as applicable are preferred. CARB's GHG emissions reduction quantification methodologies, co-benefit assessment methodologies, priority population benefit criteria tables, and reporting templates will be used to track and report project benefits.

[100] California Air Resources Board. (2024). *2024 Carl Moyer Program Guidelines.* https://ww2.arb.ca.gov/guidelines-carl-moyer

B. Guideline Modifications to Reduce the Cost of Participation in the Program

The tables below originate from each source category chapter of the Moyer Guidelines and contain updated maximum percentages of eligible cost and State funding caps for which CAP Incentives projects are eligible. The cost-effectiveness limits in the 2017 and 2024 Moyer Guidelines still apply. For infrastructure projects, the maximum percentages of eligible cost have been increased by 5% for any eligible infrastructure project and for publicly accessible projects or where the applicant is a public entity and an additional 10% may be added to those maximum values for applicants of heavy-duty truck parking facilities that provide communal charging opportunities like at truck yards, truck depots, and truck stops.

For co-funded projects, the 15% applicant cost share in the 2017 and 2024 Moyer Guidelines is adjusted for projects funded with CAP Incentives where the maximum percentage of eligible cost exceeds 85%. For example, a project with a maximum percentage of eligible cost of 90% would have a 10% applicant cost share requirement. Additionally, as required by Chapter 3, Section G.1, there is no limit on the number of co-funding sources to fund a project as long as the total project costs are not exceeded and the applicant cost share, when applicable, is met. Chapter 3, Section G.6 of these CAP Incentives Guidelines, applies to projects allowed under this appendix, where the applicant must disclose if the project is to be funded from multiple sources of funds, including GGRF funds, at the time of application, submission of invoices, and prior to payment of CAP Incentives.

Reporting of co-funded projects receiving GGRF funds from multiple California Climate Investment programs, must apportion GHG emission reductions and other benefits by prorating GHG emissions reductions, jobs supported, or other quantitative co-benefits based on each GGRF-funded program's financial contribution to prevent double counting when estimating benefits from projects funded from multiple programs, and report the project under each program in accordance with the 2024 CCI Funding Guidelines, Section VI.D.6.

For co-funded projects receiving non-GGRF funds for CAP Incentive Guidelines eligible projects, including those eligible through Appendices A and B, emission reduction benefits must be apportioned by prorating the emission reductions based on each funding source's financial contribution to attribute stationary and mobile source criteria air pollutants, toxic air

contaminant, and other emission reductions benefits from funds made available through CAP Incentives pursuant to HSC § 44391.4.

1. On-Road School Buses Funding Amounts and Eligibility Modifications in Moyer Guidelines.

On-road school bus projects are subject to the Moyer Program cost-effectiveness limits and must meet all other relevant criteria in the applicable 2017 or 2024 Moyer Guidelines, Chapter 4: On-Road Equipment, unless otherwise specified in the CAP Incentives Guidelines Chapter 3 on Program Administration or this CAP Funds Supplement to the Moyer Program Guidelines (CAP Supplement). Air districts have the authority to set more stringent project requirements.

Table A-1: State Funding Caps for Community Air Protection Incentives School Bus Projects

Project Type	Funding Cap
School bus diesel or alternative fuel replacement	$165,000
School bus optional low-NOx or hybrid replacement	$220,000
School bus zero-emission replacement	None
School bus repower	$70,000
School bus electric conversion	None

(A) The eligibility modification to allow private transportation contractors that transport school children to be eligible for funding

(1) Chapter 4, Section C.2.(B)is modified to read as follows:

Eligible Applicants: Public school districts in California that own their own school buses are eligible for funding. Where a Joint Powers Authority (JPA) has been formed by several public school districts and the JPA holds ownership of the school buses, then the JPA is also eligible for funding. Private transportation providers that own their own school buses and contract with public school districts to provide transportation services for public school children are also

eligible for funding under the complete requirements of Section C.2.(B). Private schools and any private company or non-profit agency not providing transportation services to public school children are not eligible to receive funding for school bus projects. Following public outreach to affected communities and consideration of public input, air districts may give priority to unfunded project applications from eligible applicants submitted through the Rural School Bus Pilot Project or other school bus incentive programs regardless of their existing procedures for Moyer project application review and selection. CARB staff will provide assistance upon request for assessment of such projects relative to Moyer Program requirements.

(B) Modification to allow average fleet usage to be used when determining potential grant amounts

(1) Add new sub-section (10) to Chapter 4, Section C.2.(B), which reads as follows:

(10) Annual usage for school bus projects will be determined as outlined in Chapter 4, Section B.5, except that air districts may allow for grant amounts to be based on the minimum of two 12-month periods of the school bus fleet's average California usage during the previous 24 months. Only school buses with a gross vehicle weight rating greater than 14,000 pounds that are utilized to transport students to and from school will be included in the average usage value. In recognition of the school bus fleet's overall displacement of usage that will occur with the replacement of an old, low-usage school bus with a new school bus that will be used considerably more often, grant amounts for school buses complying with the Truck and Bus Regulation via the low-use exemption may still be based on the average usage value as described in this section.

(C) Expanded Clarification on Eligibility for Zero-Emission School Bus Projects on Demonstrating Compliance

(1) To be eligible for the Moyer Program, school bus fleets must demonstrate compliance with the requirements of the Statewide Truck and Bus Regulation (Regulation), both for the individual vehicle involved in the project as well as the fleet as a whole. The Board directed in Resolution 18-15 that CAP incentives "… should prioritize zero-emission vehicles or infrastructure whenever feasible." Additionally, the Legislature directed in SB 856 that "funds shall only be allocated to projects that will provide emission reductions that are in excess of those otherwise required by law or regulation" and further directed in AB 579 (Chapter 445, Statutes of 2023)[101] that "commencing January 1, 2035, 100% of all newly purchased or contracted school buses of a local educational agency shall be zero-emission vehicles." To meet the direction of both the Board and the Legislature, staff is expanding clarification on eligibility with regards to regulatory compliance to increase the efficiency of the application review and approval process for these projects. Zero-emission school bus replacement projects that serve school districts located within a disadvantaged or low-income community may satisfy the following sections on compliance verification of the Moyer Guidelines with a signed attestation as part of the application submittal for air district review:

a. Chapter 2.

b. Chapter 3.

c. Chapter 4, Section C.

For these projects, if the air district finds during the pre-inspection process that the baseline school bus does not have a diesel particulate filter installed, then only NOx and ROG emission reductions may be considered when calculating cost-effectiveness and determining the maximum grant amount.

2. **On-Road Heavy-Duty Vehicles Funding Caps.**

[101] Assem. Bill No. 579 (2023-2024 Reg. Sess.).

On-road heavy-duty vehicle projects are subject to the Moyer Program cost-effectiveness limits and must meet all other relevant criteria in the applicable 2017 or 2024 Moyer Guidelines, Chapter 4: On-Road Equipment, unless otherwise specified in the CAP Incentives Guidelines Chapter 3 on Program Administration or this Supplement. Air districts have the authority to set more stringent project requirements.

Table A-2: State Funding Caps for Community Air Protection Incentives for Exempt Conventional Diesel, Alternative Fuel, or Hybrid Replacements (2013+ Engine Model Year; 0.20 g/bhp-hr NOx or Cleaner Standard)[102]

Weight Class	**Funding Cap**
Heavy heavy-duty (HHD) GVWR > 33,000 lbs	$60,000
Medium heavy-duty (MHD) GVWR 19,501-33,000 lbs	$40,000
Light heavy-duty (LHD) GVWR 14,001-19,500 lbs	$30,000
Emergency vehicles > 14,000 lbs	80% of cost

[102] Except for emergency vehicles, no more than 80% of vehicle cost for fleets with 20 or fewer vehicles, and no more than 50% of vehicle cost for larger fleets.

Table A-3: State Funding Caps for Community Air Protection Incentives for Certified 0.1 NOx Standard or Cleaner Replacements

Optional Low-NOx Standard or Vehicle Type	HHD	MHD	LHD
Optional Low NOx or cleaner[103]	$160,000	$120,000	$70,000
0.05 g/bhp-hr	$80,000	$60,000	$50,000
0.10 g/bhp-hr	$70,000	$50,000	$40,000
Transit bus	$25,000	$25,000	$25,000

Table A-4: State Funding Caps for Community Air Protection Incentives for Certified Optional Low-NOx Standard or Cleaner Repowers

Vocation Type	Funding Caps
Transit bus	$20,000
Other trucks and buses not subject to the Innovative Clean Transit Regulation	$40,000

[103] For more information about "Optional Low NOx or cleaner" standard by engine model year, please see Moyer Guidelines, Chapter 4, Section C.1.

Table A-5: State Funding Caps for Community Air Protection Incentives for Zero-Emission Replacements or Conversions[104]

Weight Class/Vocation Type	Funding Caps
Transit bus	None
HHD truck or bus	None
MHD truck or bus	None
LHD truck or bus	None

Table A-6: State Funding Caps for Community Air Protection Incentives Hybrid Conversions

Weight Class	Funding Caps
LHD	$7,500
MHD	$10,000
HHD	$15,000

3. **Off-Road Equipment.**

(A) Off-road equipment projects are subject to the Moyer Program cost-effectiveness limits and must meet all other relevant criteria in the applicable 2017 or 2024 Moyer Guidelines, Chapter 5: Off-Road Equipment. Air districts have the authority to set more stringent project requirements.

(B) Agriculture equipment projects that are subject to the Funding Agricultural Replacement Measures for Emission Reductions (FARMER) guidelines are eligible for funding.

[104] Except for emergency vehicles, no more than 95% of vehicle cost for fleets with three or fewer vehicles, no more than 90% for fleets with more than three and ten or fewer vehicles, no more than 80% for fleets with more than ten and 20 or fewer vehicles, and no more than 60% of vehicle cost for fleets with greater than 20 vehicles.

(C) For additional flexibility on off-road transportation refrigeration unit projects under this category, see Section C: *Guideline Modifications to Clarify Eligibility Requirements and Provide a Larger Funding Share for Transport Refrigeration Units*.

Table A-7: Maximum Percentage Eligible for Community Air Protection Incentives Off-Road Projects

Project	Maximum Percentage Eligible
Diesel repower	95%
LSI repower	95%
Repower to zero-emission	95%
Mobile equipment replacement	90%
Portable equipment replacement (excludes stationary)	90%
Retrofit	100%

Table A-8: Maximum Grant Amount for Community Air Protection Incentives Zero-Emission Utility Terrain Vehicle (UTV) Voucher

Equipment	Maximum Grant Amount
Utility Terrain Vehicle (UTV)	$13,500 or 75%, whichever is less

4. **Locomotives.**

Locomotive equipment projects are subject to the Moyer Program cost-effectiveness limits and must meet all other relevant criteria in the applicable 2017 or 2024 Moyer Guidelines, Chapter 6: Locomotive Equipment. Air districts have the authority to set more stringent project requirements.

Table A-9: Maximum Percent Eligible for Community Air Protection Incentives Program Locomotive Projects

Railroad Class/Type	All Project Types
Class 1/Class 2 Line Haul	85%
Class 3, Switcher, and Passenger	95%

5. **Marine Vessels.**

(A) Marine vessel projects are subject to the Moyer Program cost-effectiveness limits and must meet all other relevant criteria in the applicable 2017 or 2024 Moyer Guidelines, Chapter 7: Marine Vessels. Air districts have the authority to set more stringent project requirements.

(B) For additional funding criteria not outlined in Table A-10 to Table A-14, see Chapter 7.I.(B). of the 2024 Moyer Guidelines.

(C) To calculate emission reductions for marine vessel projects, refer to Table D-24a to Table D-28 in Appendix D, Section VII of the 2024 Moyer Guidelines.

Table A-10: Summary of Community Air Protection Incentives Funding Opportunities For Marine Projects

Project Type	Subject to CARB Rule	Funding Opportunities
Vessels subject to Commercial Harbor Craft Regulation (e.g., barge, crew & supply, dredge, excursion, ferries, towboat, tugboat, commercial passenger fishing vessel, pilot, workboat, research, tank barge, commercial fishing vessels)	Commercial Harbor Craft Regulation[105]	Opportunities depend on compliance status
Vessels not subject to Commercial Harbor Craft Regulation Schedules for Meeting Tier 2 or Tier 3 Standards (e.g., registered historic vessels and dedicated emergency use vessels)	No	Not limited by regulation
Shore power - vessel retrofit	At Berth Regulation[106]	Limited opportunity

[105] California Air Resources Board. (2025). *Commercial Harbor Craft Regulation.* https://ww2.arb.ca.gov/our-work/programs/commercial-harbor-craft.
[106] California Air Resources Board. (2025). *At Berth Regulation.* https://ww2.arb.ca.gov/our-work/programs/ocean-going-vessels-berth-regulation.

Table A-11: Maximum Percentage of Eligible Costs for Community Air Protection Incentives Marine Engine Repower or Remanufacture Kit Projects for Vessels (except Commercial Fishing Vessels) Subject to the Commercial Harbor Craft Regulation

Baseline Engine	Replacement Engine	Maximum Percentage Eligible
Tier 0, 1	Tier 3	50%
Tier 0, 1	Tier 4	85%
Tier 2	Tier 3	80%
Tier 2	Tier 4	85%
Tier 3	Tier 4	85%

- Vessels subject to CHC Regulation Schedule for Meeting Tier 3 or Tier 4 Marine Standards (or marinized off-road Tier 4 Final + Diesel Particulate Filter (DPF) (e.g., barge, crew & supply, dredge, excursion, ferry (except short-run), towboat, tugboat, commercial passenger fishing vessel, pilot, workboat, research, tank barge).
- Engines using a Family Emission Limit (FEL) or Averaging, Banking, and Trading (ABT) to meet the Tier 4 emission standards will be funded at Tier 3 engine levels. Tier 3 emission factors will be used for funding calculations.
- Commercial Harbor Craft Regulation, California Code of Regulations, title 17, section 93118.5(e)(12)(B)2: for engines <600 kW, if Tier 4 Marine standards are not available, and repowered after 1/1/2023 to Tier 3, vessel does not need to repower to Tier 4 marine standard when it becomes available.
- Tier 4 engines participating in the averaging, banking and trading program that are certified to a FEL higher than the applicable emission standards are ineligible to participate in the Carl Moyer Program.

Table A-12: Maximum Percentage of Eligible Costs for Community Air Protection Incentives Marine Engine Repower or Remanufacture Kit Projects for Commercial Fishing Vessels Subject to the Commercial Harbor Craft Regulation

Baseline Engine	Replacement Engine	Maximum Percentage Eligible
Tier 0, 1, 2	Tier 3	85%
Tier 0, 1, 2	Tier 4	85%
Tier 3	Tier 4	80%

- Commercial Fishing Vessels are subject to Commercial Harbor Craft Regulation schedules for meeting Tier 3 standards.
- Engines using a FEL or ABT to meet the Tier 4 emission standards will be funded at Tier 3 engine levels. Tier 3 emission factors will be used for funding calculations.
- Tier 4 engines participating in the averaging, banking and trading program that are certified to a FEL higher than the applicable emission standards are ineligible to participate in the Carl Moyer Program.

Table A-13: Maximum Percentage of Eligible Costs for Community Air Protection Incentives Marine Engine Repower or Remanufacture Kit Projects for Vessels *Not* Subject to the Commercial Harbor Craft Regulation

Baseline Engine	Replacement Engine	Maximum Percentage Eligible
Tier 0, 1, 2	Tier 3	80%
Tier 0, 1, 2	Tier 4	85%
Tier 3	Tier 4	85%

- Vessels not subject to Commercial Harbor Craft Regulation Schedules for Meeting Tier 2 or Tier 3 or Tier 4 Standards (e.g., registered historic vessels and dedicated emergency use vessels).
- Engines using a FEL or ABT to meet the Tier 4 emission standards will be funded at Tier 3 engine levels. Tier 3 emission factors will be used for funding calculations.
- Tier 4 engines participating in the averaging, banking and trading program that are certified to FELs higher than the applicable emission standards are ineligible to participate in the Carl Moyer Program.

Table A-14: Maximum Percentage of Eligible Costs for Other Community Air Protection Incentives Marine Projects

Project	Maximum Percentage Eligible
CARB Level 3 Retrofit Device	85%
Ship-side Shore Power	85%
Vessel Replacement	85%
Zero-Emission or Zero-Emission Capable Hybrid Repower	95%
Purchase of a CARB verified marine vessel exhaust capture and control system	85%

6. **Light-Duty Vehicles – Maximum Eligible Funding Amounts.**

Light-duty vehicle projects are subject to the Moyer Program cost-effectiveness limit and must meet all other relevant criteria in the 2017 or 2024 Moyer Guidelines, Chapter 8: Light-Duty Vehicles. Incentives paid for eligible light-duty vehicle projects are limited to a maximum of $3,000 per vehicle. Air districts have the authority to set more stringent project requirements.

7. **Lawn and Garden Equipment Replacement.**

(A) Lawn and garden equipment replacement projects must meet all relevant criteria in the 2017 or 2024 Moyer Guidelines, Chapter 9: Lawn and Garden Equipment Replacement.

(B) For additional funding criteria, not outlined in Table A-15, see Chapter 9, Section I.B, of the 2024 Moyer Guidelines.

Table A-15: Maximum Eligible Funding Amounts for Community Air Protection Incentives for Lawn and Garden Equipment Replacement Projects

Equipment	Residential Grant Amount	Commercial Grant Amount
Chainsaws/Trimmers/ Edgers/ Brush cutters	$300	$700
Leaf blowers/ Vacuums	$200	$1,400
Walk Behind Lawn Mowers	$330	$1,500
Ride-on or Stand/Sit Mowers	$2,000	$15,000

8. **Infrastructure.**

Infrastructure projects must meet all relevant requirements in the applicable 2017 or 2024 Carl Moyer Guidelines, Chapter 10: Infrastructure. Air districts have the authority to set more stringent project requirements.

Table A-16: Funding Percentage of Eligible Cost for Community Air Protection Incentive Program Infrastructure Projects

Infrastructure Project	Funding Percentage of Eligible Cost
Baseline for all infrastructure projects	65%
Public School Bus Projects	100%
Any infrastructure project located at or near a sensitive receptor(s)	100%
Additional incentive for projects with renewable solar or wind power systems	+10%
Additional incentive for publicly accessible projects or where the applicant is a public entity	+15%
Additional incentive for projects also serving a port, railyard, or freight facility	+10%
Additional incentive for applicants of heavy-duty truck parking facilities that provide communal charging opportunities (e.g., truck yards, truck depots, truck stops, etc.)	+10%

- The additional incentive percentages denoted as +10% (or +15%) in the table above, may be added to the percentages listed in this table when applicable without exceeding 100% of total project costs.
- Portable power projects will not be eligible for additional funding amounts.
- At least 50% of the total annual energy provided to covered sources by the project must be generated from solar/wind. Hydrogen stations dispensing

hydrogen produced from at least 50% renewable energy also qualifies. Solar and wind systems should be appropriately sized to ensure that the annual energy generation does not exceed 100% of the consumption by the covered source.

C. Guideline Modifications to Clarify Eligibility Requirements and Provide a Larger Funding Share for Transport Refrigeration Units

Changes to transport refrigeration unit (TRU) eligibility and an increase in funding share require the following guideline modification for projects funded with CAP Incentives. If applicable and active in the air district's Policies and Procedures, refer to the April 2024 CAP Incentives Guidelines for more information on eligible TRUs under the 2017 Moyer Guidelines.

1. **Off-Road Equipment.**

   Chapter 5, Section L.6.(G) of the 2024 Moyer Guidelines is modified to read as follows:

   (A) The maximum State funding percentage is 75%.

2. **On-Road Heavy-Duty Vehicles.**

   Chapter 4, Section C.2.(I)(3)d of the 2024 Moyer Guidelines is modified to read as follows:

   (A) The maximum State funding percentage is 75%.

D. Guideline Modifications to Clarify Necessary Changes to Cost-Effectiveness Calculation Methodology for Community Air Protection Incentives Projects

For projects funded with CAP Incentives, the Moyer Guidelines are modified to provide clarification and direction on how to account for changes that affect the cost-effectiveness calculation methodology, such as the removal of State funding caps and higher maximum percentages of eligible cost.

Appendix C, Section II is modified to read as follows:

1**. General Cost-Effectiveness Calculations.**

The calculation methodology below must be applied to ensure final grant amounts meet the cost-effectiveness limit requirement, and do not exceed incremental cost based on the maximum percentage or any other funding cap.

The maximum grant amount for any given project is the lowest of the three following calculations:

(A) The potential grant amount at the cost-effectiveness limit;

(B) The potential grant amount based on the maximum percentage of eligible cost; or

(C) The potential grant amount based on any maximum dollar amount or other funding cap specified in the relevant source category chapter.

(D) The formulas utilize inputs such as emission factors, load factors, fuel consumption rates, etc. These calculation inputs are available from the tables in Appendix D. Cost-effectiveness limits are necessary as part of the methodology and can be found in Appendix E, where their applicability and usage are defined. Additionally, Appendix E houses tables containing the discount rate and capital recovery factors used in the methodology outlined.

Previously, the 2017 Moyer Program Guidelines introduced and implemented a dual cost-effectiveness limit, also known as the two-step calculation, which was limited to advanced technology projects. Advanced technology projects included equipment and engines that were optionally certified as cleaner than the required standards in place or zero-emission technologies. The current Moyer Program Guidelines will not require that advanced technology projects perform a two-step calculation.

Zero-emission on-road projects funded with CAP Incentives have no State funding caps for calculations. Note that the removal of State funding caps opens up considerably more opportunities to co-fund with other State-funded incentives programs, such as the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project funded by GGRF. Most CAP Incentives projects have maximum percentages of eligible cost that differ from projects funded with Moyer Program funds.

Appendix C is modified to read as follows:

The potential grant amount based on maximum percentage of eligible cost is a measure of the incremental cost as determined by multiplying the cost of the reduced technology by the maximum percentage of eligible cost (from the applicable chapter) as described. The potential grant amount based on any maximum dollar amount or other funding cap is specified in the relevant source category chapter. Note that zero-emission on-road projects funded with CAP Incentives have no State funding caps for the calculations.

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APPENDIX B: COMMUNITY AIR PROTECTION FUNDS SUPPLEMENT TO THE PROPOSITION 1B GOODS MOVEMENT EMISSION REDUCTION PROGRAM

A. Introduction

This appendix is intended to provide guidance to air district staff utilizing CAP Incentives to implement projects under the Proposition 1B *2015 Goods Movement Emission Reduction Program Guidelines* (Proposition 1B 2015 Program Guidelines). The Legislature directed that such projects under this program be eligible for expenditures of CAP Incentives in AB 134, SB 856, and in statutory direction codified in Health & Safety Code Section 44391.4. Air districts choosing to allocate funds to incentivize clean truck projects in accordance with the Proposition 1B Program will refer to the Proposition 1B 2015 Program Guidelines and this appendix for information relating to funding amounts and truck evaluation criteria for those projects.

Project selection should prioritize zero-emission vehicles or infrastructure whenever feasible. When zero-emission technologies are not feasible, natural gas engines meeting the lowest optional NOx standard are preferred over diesel engines meeting current emissions standards. CARB's GHG emissions reduction quantification methodologies, co-benefit assessment methodologies, priority population benefit criteria tables, and reporting templates will be used to track and report project benefits.

B. Guideline Modification to Ensure Approved Proposition 1B Program Locomotive Projects are not Eligible to Receive Community Air Protection Incentives

Locomotive projects that have already been approved for funding through the Proposition 1B Program are not eligible to receive CAP Incentives, even if the project under the Proposition 1B Program is later terminated.

Add new sub-section (K) to Chapter 6, Section D.1., which reads as follows:

(K) Locomotive projects that have already been approved for funding by the Proposition 1B Program are not eligible for funding with CAP Incentives, even if the project under the Proposition 1B Program is later terminated.

C. Proposition 1B Program Clean Truck Evaluation Guidance

Under AB 134, an air district may choose to spend up to 40% of its CAP Incentives on clean truck projects, relative to funding amounts and truck evaluation, in accordance with the Proposition 1B 2015 Program Guidelines (note that subsequent appropriations of CAP Incentives do not have a percentage restriction). Under those Guidelines, truck evaluation includes a ranking process. In addition to the ranking process for Proposition 1B projects, the Board has historically prioritized, on a yearly basis, how Proposition 1B Program funds should be directed to best meet the State's needs each year. As outlined in the Proposition 1B 2015 Program Guidelines, the Board's most recent priorities include the following:

- Replacement projects for zero-emission trucks, hybrid trucks capable of zero-emission miles, and optional low-NOx trucks certified to the 0.02 g/bhp-hr emission level;
- Truck projects to assist small fleets;
- Projects to replace, repower, or retrofit trucks, transport refrigeration units, commercial harbor craft, ships at berth, or cargo handling equipment to zero-emission and near-zero-emission technologies; and
- Locomotive projects based on engines meeting the most stringent national emission standards.

Similar to the above priorities, air districts may adopt the priorities of AB 617 as part of their ranking process. Air districts may adopt relevant priorities such as the following in ranking projects for CAP Incentives:

- The project is located in and benefits communities identified during the implementation of AB 617 as having a high cumulative exposure burden;
- The project is located in and benefits a disadvantaged or low-income community, or a low-income household;
- The project is zero-emission;
- The project directly serves a sensitive population;

- The project has received support from groups or individuals in one of the communities identified during the implementation of AB 617 as having a high cumulative exposure burden.

Clean truck grant amounts are shown in Table A-2. Note that the project life of these projects is 5 years, or 300,000 miles for Class 5 and 6 trucks and 500,000 miles for Class 7 and 8 trucks, whichever comes first. Note also that "small fleets" is defined in the Proposition 1B 2015 Program Guidelines as any fleet with 3 or fewer trucks with greater than 14,000 lbs GVWR.

Table B-1: 2015 Proposition 1B Program Guidelines: Clean Truck Grant Amounts

Eligible Truck Options	Class 5	Class 6	Class 7	Class 8	Project life
New MY 2016+ engine zero-emission truck	$80,000	$100,000	$200,000	$200,000	5 Years
New MY 2016+engine hybrid zero-emission mile truck	$50,000	$65,000	$150,000	$150,000	5 Years
New MY 2016+ engine optional low-NOx truck (0.02 g/bhp-hr or less)	$40,000	$50,000	$100,000	$100,000	5 Years
New MY 2016+ engine hybrid truck	$35,000	$45,000	$80,000	$80,000	5 Years
New MY 2016+ engine natural gas truck	$25,000	$40,000	$65,000	$65,000	5 Years
Small Fleets Only: Repower with a new MY 2016+ engine	N/A	$10,000	$20,000	$20,000	5 Years

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APPENDIX C: TARGETING INVESTMENTS TO PRIORITY POPULATIONS AND MAXIMIZING BENEFITS TO DISADVANTAGED COMMUNITIES AND LOW-INCOME COMMUNITIES AND HOUSEHOLDS

Funding for CAP Incentives is appropriated from GGRF, so these funds must be spent in accordance with the requirements of California Climate Investments. The CCI Funding Guidelines were most recently updated in December 2024 and previously approved by the Board in July 2018. The CCI Funding Guidelines establish requirements and recommendations for agencies administering California Climate Investments.[107]

The CCI Funding Guidelines contain set requirements for administering agencies to promote community-based solutions to meet our climate and air quality goals among other requirements and recommendations. This Appendix to the CAP Incentives Guidelines summarizes the steps CARB staff is taking to address specific requirements in the CCI Funding Guidelines related to targeting investments to be located within and benefit priority populations[108] and maximizing benefits to disadvantaged communities. Priority populations include residents of: (1) communities identified as disadvantaged by the California Environmental Protection Agency per SB 535[109]; (2) census tracts identified as low-income per AB 1550[110]; or

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[107] California Air Resources Board. (2025). *Funding Guidelines for Agencies that Administer California Climate Investments.* https://ww2.arb.ca.gov/resources/documents/cci-funding-guidelines-administering-agencies.

[108] California Climate Investments. (2025). *Priority Populations.* https://www.caclimateinvestments.ca.gov/priority-populations.

[109] California EPA. (2025). *California Climate Investments to Benefit Disadvantaged Communities*. https://calepa.ca.gov/envjustice/ghginvest/.

[110] AB 1550 defines "low-income communities" as those census tracts with: 1) median household incomes at or below 80% of the statewide median income, or 2) median household incomes at or below the threshold designated as low-income by the Department of Housing and Community Development's State Income Limits (HCD State Income Limits).

(3) a low-income household per AB 1550[111]. Tools to help determine a household's status as a low-income household are available at the CCI Priority Populations webpage. Potential strategies for verifying low-income eligibility according to the 2024 CCI Funding Guidelines Section IV.C.2 include:

- Relying on enrollment in public assistance programs that use the same or lower income threshold to pre-qualify applicants (e.g., CalFresh/Supplemental Nutritional Assistance Program, Temporary Assistance for Needy Families, School Free or Reduced Lunch programs, MediCal)
- Having applicants self-certify their income, followed by the agency checking income levels for a random sample of applicants;
- Contractually requiring a third-party administrator to determine, verify, and report on income eligibility of target households; or
- Requiring all applicants submit income verification.

More information on the definitions of priority populations is located in Appendix A of the CCI Funding Guidelines.

Requirements for Targeting Investments to Priority Populations and Maximizing Benefits to Disadvantaged Communities

CCI Funding Guidelines Requirement: Assess program structure for potential opportunities to target investments to benefit priority populations (e.g., set-asides, scoring criteria for competitive solicitations). For example, when selecting projects, give priority to those that maximize benefits to disadvantaged communities and provide clarity in how that priority is given.

> CAP Incentives Action: The existing program structure will help ensure the targets identified for CAP Incentives are met. The Grant Agreements also require that air districts target funds to prioritize emissions reductions in communities identified or under consideration through the AB 617 process.
>
> CARB considers the investment targets to be a floor and strives to exceed them. In project implementation, CARB and air districts must consider, in particular, advice and guidance from residents of disadvantaged communities,

[111] AB 1550 defines "low-income households" as those with household incomes at or below 80% of the statewide median income or with household incomes at or below the threshold designated as low income by the Department of House and Community Development's list of state income limits adopted pursuant to Health & Safety Code section 50093.

especially disadvantaged communities that are identified as particular areas of concern through the AB 617 process.

Through its Grant Agreements for CAP Incentives, CARB staff is requiring that at least 80% of funds be invested in projects benefiting priority populations. Statewide targets have been established for CAP incentives as follows:

- At least 70% of funds will go to projects that are located in and provide direct, meaningful, and assured benefits to individuals living in disadvantaged communities.
- An added 10% of funds will go to projects that are located in and provide direct, meaningful, and assured benefits to low-income households or individuals living in low-income communities.

Air districts are required to submit tentative project lists to CARB staff when requesting disbursement of their CAP Incentives beyond the initial 10%. This provides the opportunity to assess whether a sufficient number of those projects are in and benefit priority populations. Air districts must also submit documentation that demonstrates sufficient levels of community engagement and outreach and shows that the air district is being responsive to the needs of their communities, as determined by CARB. Air districts have the ability to select projects according to local priorities and concerns in the air district, within the constraints of the program guidelines. When requesting disbursements of funds from CARB, air districts must submit documentation that demonstrates that they are being responsive to the needs of communities disproportionately affected by air pollution, as well as a project list demonstrating sufficient funding is benefitting disadvantaged communities.

- Air districts can employ a variety of other design mechanisms to help target benefits to priority populations, including setting aside a percentage of funding or dollar amount that will be used only for projects that provide benefits to priority populations.
- In addition to solicitation structures, the Board previously approved changes to the Moyer Program contained in the CAP Supplement, which included an increase in the percentage of the total project cost that the Moyer Program can pay for most equipment, and removal of State funding caps for zero-emission on-road projects.

CCI Funding Guidelines Requirement: Evaluate project types for potential benefits to priority populations using a *CCI 2024 Funding Guidelines Priority Populations Benefit Assessment Tool*[112] that is applicable to the project type.

CAP Incentives Action: Staff reviewed *CCI 2024 Funding Guidelines Priority Populations Benefit Assessment Tool*[113] that is applicable to each project type within these guidelines, such as the *Clean Transportation and Equipment,* and determined that eligible project types will provide direct, meaningful, and assured benefits via incentives for vehicles, equipment, or renewable transportation fuel that reduce criteria air pollutant or TAC emissions, such as diesel particulate matter.

For new stationary source project categories, CARB staff will develop additional evaluation criteria for providing benefits to priority populations if necessary.

Projects that benefit priority populations must identify a need that the project will address. CARB recommends that air districts and/or funding recipients directly engage local residents and community-based groups to identify an important need for that community along with steps to meaningfully address that need. As an alternative to direct community engagement, air districts and/or funding recipients can:

- Receive documentation of broad support for a proposed project from local community-based organizations and/or residents or confirm the project furthers the goals identified in a local plan or initiative designed to address local needs (e.g., regional sustainability plan, transit agency strategic plan, community needs assessment) that was developed through a robust community engagement process; or
- Refer to one of the tools provided in the Resource Portal Reporting and Data Tools webpage[114] to confirm that the project will reduce the impacts related to at least one of the factors or indicators.

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[112] California Climate Investments. (2025). *CCI Benefit Assessment Tools*. https://www.caclimateinvestments.ca.gov/benefit-assessment-guide.
[113] California Climate Investments. (2024). *CCI 2024 Funding Guidelines Priority Populations Benefit Assessment Tool*. https://ww2.arb.ca.gov/sites/default/files/auction-proceeds/transportation_bat.pdf.
[114] California Climate Investments. (2025). *Resource Portal Reporting and Data Tools.* https://www.caclimateinvestments.ca.gov/resource-portal-all/#reporting.

CCI Funding Guidelines Requirement: Target funding, to the extent feasible, to projects that are located within and benefit residents of priority population communities and low-income households.

CAP Incentives Action: If none of the above approaches are feasible, or for programs or projects serving individual households or businesses only, such as through vouchers or rebates awarded to qualifying applicants on either a first come, first served basis or on a needs-based model, administering agencies, applicants, and/or funding recipients can identify needs through engagement conducted during program design. The approach used to determine community needs should be documented, and if applicable, should document the level of engagement and how community input was considered in product design.

Air districts will evaluate projects using the *2024 CCI Funding Guidelines Priority Populations Benefit Assessment Tools* to ensure that projects counted toward the statutory investment minimums for reporting benefits from projects through solicitations released on or after these guidelines are published and adopted into the air district's Policies and Procedures. For projects selected through solicitations released before these guidelines are published, either the *CCI Benefit Assessment Tools* or the Priority Population Benefit Criteria Table[115] may be used to demonstrate meeting statutory investment minimums as follows:

1) Are located within a census tract identified as a disadvantaged community or low-income community, or directly benefit residents of a low-income household;
2) Meaningfully address an important community or household need for the disadvantaged community, low-income community, or low-income household; and
3) Identify at least one direct, meaningful, and assured benefit to priority populations, using the evaluation criteria in the benefit assessment tools or benefit criteria table. Air districts can fund projects that otherwise provide meaningful benefits, but do not meet these criteria; however, those projects will not be counted toward investment minimums. As

[115] California Climate Investments. (2025). *Priority Population Benefit Criteria Table*. https://ww2.arb.ca.gov/resources/documents/california-climate-investments-quantification-benefits-and-reporting-materials.

noted above, new priority population benefit criteria will be developed if necessary for the new stationary source project categories.

CCI Funding Guidelines Requirement: Create or modify program guidelines or procedures to meet or exceed priority population program targets.

CAP Incentives Action: CARB staff has developed the proposed CAP Incentives Guidelines and the already-approved Moyer Supplement to provide project opportunities in ways that are responsive to AB 617, the Legislature's direction in its budget appropriations, the comments made at public workshops, and the guiding principles for California Climate Investments. This will help the expenditure of CAP Incentives to meet or exceed priority population program requirements.

CCI Funding Guidelines Requirement: Design programs and select projects that avoid substantial burdens to residents of disadvantaged and low-income communities, such as increased exposure to toxics or other health risks.

CAP Incentives Action: The CAP Incentives Guidelines and the already approved CAP Supplement include changes to further incentivize the adoption of zero-emission equipment to maximize reductions in criteria air pollutants and TAC by removing State funding caps for zero-emission on-road projects. The Board also stipulated that any funding incentives should prioritize zero-emission vehicles or infrastructure whenever feasible when it approved the CAP Supplement last year. Additionally, Grant Agreements require the air districts to "hold public meetings and conduct other outreach to seek input from local residents and community groups on community needs and potential projects" and to "select and fund projects in accordance with feedback received during community outreach in support of AB 617." Community input may include identification of potential substantial burdens.

CCI Funding Guidelines Requirement: Provide direct outreach and promote community engagement of local community residents and community-based organizations in disadvantaged and low-income communities. These actions should begin in the early stages (e.g., during the development of guidelines and solicitation materials) and continue through project implementation, as feasible.

CAP Incentives Action: For communities selected pursuant to AB 617 for community air monitoring and/or emissions reduction programs, steering committees have been established, or are in the process of being established, consisting largely of local community members. The purpose of these committees is to guide air district implementation of AB 617 and ensure

community voices are heard. Committees meet on a semi-regular basis to discuss all aspects of AB 617, including how best to direct incentives to local priorities of concern.

CARB conducts outreach and engages with communities as well, both to selected communities and those under consideration for future selection. CARB held the first of multiple series of community meetings throughout.

Outreach by air districts is ongoing. These guidelines require the air districts to hold public process and conduct other outreach to seek input from local residents and community groups on community needs and potential projects and to select and fund eligible projects in accordance with feedback received during community outreach in support of AB 617. CARB reports on outreach conducted in support of CAP Incentives as part of the annual reports to the Legislature on CCI. Some air districts are also using both online and paper surveys to collect public advice on the kinds of projects that will make a difference in their communities.

CCI Funding Guidelines Requirement: Publicly identify an agency or program point of contact or liaison to provide program-specific information to the public, including funding opportunities, program application requirements, eligibility determinations, and application or technical assistance.

CAP Incentives Action: Agency points of contact for CAP Incentives have been designated by both CARB and local air districts on their respective program webpages[116]. There is also a CAP Incentives contact responsible for outreach events and updating the consolidated California Climate Investments Calendar on a regular basis.

In cooperation with local air districts and California Air Pollution Control Officers Association (CAPCOA), CARB has held and is continuing to hold workshops and public meetings on CAP Incentives, reaching out to both disadvantaged and low-income communities and to potential Moyer Program grant applicants for equipment they operate in those communities. Outreach by air districts is ongoing. These guidelines require the air districts to hold public process and conduct other outreach to seek input from local residents and community groups on community needs and potential projects. Air districts have established or are setting up Community Air Protection websites,

[116] CARB CAP Incentives contact information on https://ww2.arb.ca.gov/capp/fund/capi/community-air-protection-incentives

including information on CAP Incentives and projects under consideration. Additionally, CARB has developed a website to promote the CAP Incentives and increase awareness of funding opportunities for eligible projects at https://www.arb.ca.gov/msprog/cap/capfunds.htm.

APPENDIX D: ACRONYMS

Name	Acronym
Air Pollution Control Officer	APCO
Air Quality Index	AQI
American Society of Heating Refrigeration and Air Conditioning Engineers	ASHRAE
Assembly Bill	AB
Averaging, Banking, and Trading	ABT
California Air Pollution Control Officer's Association	CAPCOA
California Air Resources Board	CARB or Board
California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation	Cap-and-Trade Program
California Climate Investments Reporting and Tracking System	CCIRTS
California Energy Commission	CEC
California Health & Safety Code	H&SC
California Legislature	Legislature
CAP Incentives Policies and Procedures Manual	Policies and Procedures
CARB Airborne Toxic Control Measure to Reduce Formaldehyde Emissions from Composite Wood Products	Composite Wood Products ATCM
Carl Moyer Memorial Air Quality Standards Attainment Program	Moyer Program
Carl Moyer Program Guidelines	Moyer Guidelines
Case-By-Case	CBC
Chief Financial Officer	CFO
Chromium Electroplating and Chromic Acid Anodizing	Chrome Plating
Clean Air Delivery Rate	CADR
Clean Air Reporting Log	CARL
Clean Mobility in Schools Pilot Project	CMIS
Clean Truck Check Heavy-Duty Inspection and Maintenance	CTC HD/IM
Commercial Harbor Craft Regulation	CHC Regulation
Community Air Monitoring Plan	CAMP
Community Air Protection Blueprint 1.0	Blueprint 1.0
Community Air Protection Blueprint 2.0	Blueprint 2.0
Community Air Protection Funds Moyer Guidelines Supplement	CAP Supplement

Community Air Protection Incentives Program	CAP Incentives Program or Program
Community Air Protection Incentives Program Guidelines	CAP Incentives Guidelines or Guidelines
Community Emissions Reduction Program	CERP
Compression Ignition	CI
Disadvantaged Community	DAC
Department of Motor Vehicles	DMV
Diesel Particulate Filter	DPF
Division of State Architect	DSA
Family Emission Limit	FEL
Funding Agricultural Replacement Measures for Emission Reductions	FARMER
Funding Guidelines for Agencies that Administer California Climate Investments	CCI Funding Guidelines
Generally Accepted Accounting Principles	GAAP
Greenhouse Gas	GHG
Greenhouse Gas Reduction Fund	GGRF
Gross Vehicle Weight Rating	GVWR
Hardwood Plywood	HWPW
Health Risk Assessment	HRA
Heating Ventilation and Air Conditioning	HVAC
Heavy Heavy-Duty	HHD
Hexavalent Chromium Airborne Toxic Control Measure for Chrome Plating and Chromic Acid Anodizing Operations	Chrome Plating ATCM
Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project	HVIP
Incentive Program Implementation	IPI
Joint Powers Authority	JPA
Light Heavy-Duty	LHD
Lower-Emission School Bus Program	LESBP
Low-Income Community	LIC
Medium Heavy-Duty	MHD
Medium-Density Fiberboard	MDF
Memorandum of Understanding	MOU
Minimum Efficiency Reporting Value	MERV
No-Added Formaldehyde	NAF
Oxides of Nitrogen	NOx
Particleboard	PB
Particulate Matter	PM
Particulate matter with a diameter less than 2.5 microns	PM 2.5

Power Take-Off	PTO
Proposition 1B Goods Movement Emission Reduction Program	Proposition 1B Program
Reactive Organic Gases	ROG
Senate Bill	SB
Statewide Truck and Bus Regulation	Regulation
Toxic Air Contaminant	TAC
Toxic Substances Control Act	TSCA
Transport Refrigeration Units	TRU
Ultra-Low Emitting Formaldehyde	ULEF
Utility Terrain Vehicle	UTV
Vehicle Identification Number	VIN
Vehicle Miles Travelled	VMT
Water Use Classification of Landscape Species	WUCOLS IV

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APPENDIX E: DEFINITIONS

Active Transportation: Any method of travel that is human-powered, most commonly walking and bicycling. Refer to the Clean Mobility Benefits Quantification Methodology, Active Transportation projects.

Air District: A county agency with authority to regulate stationary, indirect, and area sources of air pollution (e.g., power plants, highway construction and housing developments) within a given county and governed by a district air pollution control board composed of the elected county supervisors.

Air Filter Panel or Air Filter: A device that removes particulate material from an airstream, also called an "air cleaner."

Air Quality Index (AQI): A numerical index used for reporting severity of air pollution levels to the public. It replaced the formerly used Pollutant Standards Index (PSI). Like the PSI, the AQI incorporates five criteria pollutants – ozone, particulate matter, carbon monoxide, sulfur dioxide and nitrogen dioxide – into a single index. The index also incorporates the 8-hour ozone standard and the 24-hour PM2.5 standard into the index calculation. AQI levels range from 0 (Good air quality) to 500 (Hazardous air quality). The higher the index, the higher the level of pollutants and the greater the likelihood of health effects. The AQI incorporates an additional index category – unhealthy for sensitive groups – that ranges from 101 to 150. In addition, the AQI comes with more detailed cautions. For more information, see the CARB air quality index page.

Airborne Toxic Control Measure (ATCM): A control measure adopted by the California Air Resources Board that reduces emissions of toxic air contaminants.

Applicant: An applicant is an owner or operator that has applied for funding. An applicant can also be a participant (see "Participant").

Appropriation: An authorization from a specific fund to a specific agency to make expenditures/incur obligations for a specified purpose and period of time.

Baseline Technology: Technology applied under normal business practices such as the existing vehicles or other existing equipment, depending on the source category. See "Reduced Technology," its counterpart.

Building Enclosure or Permanent Total Enclosure: A permanent building or physical structure, or portion of a building, enclosed with a floor, walls, and a ceiling or roof that is enclosed such that airflow is limited from the enclosure to the exterior. This can

include the enclosed portion of the building itself or an enclosure within a building that is enclosed such that air flow is limited from the enclosure to the rest of the building. The Building Enclosure may have limited Building Enclosure Openings to allow access for people, vehicles, equipment, or parts

Building Energy Efficiency Standards: Criteria set by the California Energy Commission that help to reduce a building's energy consumption.

CalEnviroScreen 4.0: Developed by the California Environmental Protection Agency and the Office of Environmental Health Hazard Assessment, a screening tool that is used to help identify communities disproportionately burdened by multiple sources of pollution and with population characteristics that make them more sensitive to pollution. The associated mapping tools make the results visually accessible.

California Climate Investments: The collective term for all programs funded with GGRF moneys. These programs utilize billions of Cap-and-Trade Program dollars to reduce GHG emissions, strengthen the economy, and improve public health and the environment.

California Air Pollution Control Officer's Association (CAPCOA): A nonprofit association of the air pollution control officers from all 35 air quality agencies throughout California. CAPCOA was formed in 1975 to promote clean air and to provide a forum for sharing of knowledge, experience and information among the air quality regulatory agencies around the State. CAPCOA is an organization of air quality professionals – leaders in their field – who promote unity and efficiency and strive to encourage consistency in methods and practices of air pollution control. For more information, visit our CAPCOA's website.

California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation (Cap-and-Trade Program): The purpose of this article is to reduce emissions of greenhouse gases associated with entities identified in this article through the establishment, administration, and enforcement of the California Greenhouse Gas Cap-and-Trade Program by applying an aggregate GHG allowance budget on covered entities and providing a trading mechanism for compliance instruments.

California Native American Tribe: As defined in CARB's 2018 Tribal Consultation Policy to mean either a federally-recognized California tribal government listed on the most recent notice of the Federal Register and a non-federally-recognized California tribe, including those listed on the California Tribal Consultation List maintained by the California Native American Heritage Commission (NAHC). Please

see the Governor's Executive Order B-10-11 and the Government-to-Government Consultation Act.

Certification: A finding by CARB or the U.S. EPA that a mobile source or emissions control device has satisfied applicable criteria for specified air contaminants. For composite wood, CARB-approved third-party certifiers verify that manufactures of composite wood panels are in compliance with the ATCM to control formaldehyde emissions in composite wood.

Chromic Acid: The common name for chromium anhydride (CrO_3).

Chromic Acid Anodizing: The electrolytic process by which an oxide layer is produced on the surface of a base material for functional purposes (e.g., corrosion resistance or electrical insulation) using a chromic acid solution. In chromic acid anodizing, the part to be anodized acts as the anode in the electrical circuit, and the chromic acid solution, with a concentration typically ranging from 50 to 100 grams per liter, serves as the electrolyte.

Chromium Electroplating or Anodizing Tank: The receptacle or container in which hard or decorative chromium electroplating or chromic acid anodizing occurs, along with the following accompanying internal and external tank components needed for chromium electroplating or chromic acid anodizing. These tank components include, but are not limited to, rectifiers fitted with controls to allow for voltage adjustments, heat exchanger equipment, and circulation pumps.

Clean Air Reporting Log (CARL): An on-line database tool maintained by CARB and used by air districts to track and report projects and funds under the CAP Guidelines.

Clean Truck Check Heavy-Duty Inspection and Maintenance Program (CTC HD/IM): A comprehensive program that aims to ensure heavy-duty vehicles operating in California have properly functioning emissions control.

Clean Truck Projects: Replacement projects for zero-emission trucks, hybrid trucks capable of zero-emission miles, and optional low-NOx trucks certified to the 0.02 g/bhp-hr emission level.

Community Air Monitoring Plan (CAMP): Statute requires CARB to select the highest priority locations in the State for the deployment of "community air monitoring systems". Once selected, these communities with high cumulative exposure burdens for toxic air contaminants and criteria pollutants develop a community air monitoring plan known as a CAMP. For communities selected for a CAMP, air districts must deploy a monitoring system based on the plan and provide CARB the air quality data produced by the system. Community air monitoring conducted under the

Community Air Protection Program is intended to generate data that will support action to reduce emissions and exposure. CARB has defined criteria and guidance for community air monitoring so that air districts and communities throughout the State can implement a process that results in action-oriented data to meet the needs of each community.

Community Air Protection Blueprint 1.0 or 2.0 (Blueprint 1.0 or 2.0): AB 617 called for a Statewide Strategy to reduce emissions of toxic air contaminants and criteria air pollutants in communities affected by a high cumulative exposure burden. CARB in adopting the first Statewide Strategy guidance in 2018, called the document the Community Air Protection Blueprint, the 2018 Program Blueprint, or the Blueprint. This Blueprint 2.0 document replaces the 2018 Program Blueprint. Part One of Blueprint 2.0 defines the problem, sets forth guiding principles, and describes commitments for both CARB and air districts required by State statute. Read Part One to better understand the commitments CARB is making to support communities affected by high cumulative exposure burdens. Part Two of Blueprint 2.0 provides implementation guidance for each element of the Statewide Strategy for air districts, communities, affected industry, and other partners so that they can participate in the process to improve air quality at the community scale. Read Part Two to better understand how to tap into the Community Air Protection Program resources.

Community Air Protection (CAP) Incentives: Funds appropriated from GGRF, awarded by CARB to local air districts in partnership with local communities to implement incentives projects. These projects are intended to mitigate emissions exposure in communities most impacted by air pollution.

Community-Based Organization: A nonprofit organization that is representative of a place-based community or significant segments of it and provides educational, social, or related services to individuals in the community.

Community Emissions Reduction Program (CERP): Documented plan, called for by the AB 617 statute for Board-selected communities with high cumulative exposure burdens for toxic air contaminants and criteria air pollutants, which has specific requirements that include: the plan being consistent with the statewide strategy, emissions reduction targets, specific reduction measures (actions), a schedule for the implementation of measures, and an enforcement plan. AB 617 requires CARB to include, as part of the statewide strategy, CERP development criteria that are based on the assessment of high cumulative exposure burdens from toxic air contaminants and criteria air pollutants. Statute also directs CARB to prioritize for selection disadvantaged communities and sensitive receptor locations based on modeling information, air quality monitoring data and existing public health information. AB

617 explicitly states that a CERP shall result in emissions reductions and that both the air district and CARB are "responsible for measures", which we call "actions" in this document, consistent with our respective authorities. AB 617 also requires that air districts consult with "the state board, individuals, community-based organizations, affected businesses, and local governmental bodies in the affected community" as they adopt a CERP.

Community Steering Committee: A committee convened by an air district to implement the AB 617 requirement for air district consultation with the State board, individuals, community-based organizations, affected industry, and local governmental bodies in the affected community when developing a CERP. The CSC provides a forum for that consultation.

Competitive Bidding Process: The process by which an air district or participant competitively selects projects or eligible equipment, respectively. The participant must competitively select equipment using two or more bids. For competitive bids required of air districts, the process, including selection criteria, must be outlined in the air district solicitation and approved by the air district board. FOR WOOD COMPOSITE: The applicant must solicit and select replacement composite wood products through a competitive bidding process, and the air district must approve the selection. There must be a minimum of two competitive bids. FOR SCHOOL FLAG: Participants awarded funds must solicit for and select project materials (i.e., flags or electronic marquees) through a competitive bidding process with a minimum of two competitive bids prior to the participant selecting a supplier, which must then be approved by the air district. FOR COMMUNITY GREENING: Participants must solicit for and select community greening and vegetative barriers project materials and suppliers through a competitive bidding process. The air district must ensure that all costs are reasonable and applicable.

Composite Wood: Wood based panels made from wood pieces, particles, or fibers that are bonded using an adhesive or resin that may consist of formaldehyde.

Contract: A legally binding contract signed by the local air district Air Pollution Control Officer, or other air district designated representative, and the grantee to fund an eligible project that will reduce covered emissions. An executed contract is a program milestone in which parties agree to meet the obligations within the contract period/ project life by a specified date.

Contract Period: Specifies the length of time for which the agreement remains in effect, outlining the start and end dates of the contractual obligations. The contract term or contract period must equal the project life.

Cost-Effectiveness: A measure of the dollars provided to a project for each ton of covered emissions reduction.

Cost-Effectiveness Limit: The maximum amount of funds that can be granted to CAP Incentives projects per weighted ton of emissions reduced, using the methodology in Appendix C of the Moyer Guidelines. Please refer to the CAP Incentives Guidelines source category chapters or quantification methodology document to determine the applicability.

Criteria Air Pollutant: An air pollutant for which acceptable levels of exposure can be determined and for which an ambient air quality standard has been set. Examples include: ozone, carbon monoxide, nitrogen dioxide, sulfur dioxide, particulate matter 10 and particulate matter 2.5. The term "criteria air pollutants" derives from the requirement that the U.S. EPA must describe the characteristics and potential health and welfare effects of these pollutants. The U.S. EPA and CARB periodically review new scientific data and may propose revisions to the standards as a result.

Decorative Chrome Plating: Provides a bright, shiny finish on objects for aesthetics and basic wear protection. During the process, a thin layer of chromium is deposited, usually over a layer of nickel previously placed on the base material (e.g., brass, steel, aluminum, or plastic). Example uses include car parts, musical instruments, tools, plumbing fixtures, and furniture.

Diesel Particulate Matter (DPM): The solid material in diesel exhaust. Diesel particulate matter is typically composed of carbon particles (“soot”, also called black carbon) and numerous organic compounds, including over 40 known cancer-causing organic substances. More than 90% of diesel particulate matter is less than 1 micron in diameter, and thus is a subset of particulate matter less than 2.5 microns in diameter.

Disadvantaged Community (DAC): According to State law (SB 535 De León, Statutes of 2012), the California EPA designates these communities based on geographic, socioeconomic, public health, and environmental hazard criteria. These criteria may include, but are not limited to: Areas disproportionately affected by environmental pollution and other hazards that can lead to negative public health effects, exposure or environmental degradation. Areas with concentrations of people that are of low income, high unemployment, low levels of home ownership, high rent burden, or low levels of educational attainment

Earned Interest: Interest generated from CAP Incentives held by an air district in interest-bearing accounts. The earned interest from CAP Incentives is added to an air district’s available project funds.

Electronic Marquee: A type of digital signage, usually a large, outdoor display, that can show text and graphics, often with the text scrolling across the screen. Commonly used by schools, businesses, and other organizations to communicate information, promote events, and create a visual impact.

Eligible Cost: Costs associated with projects that are eligible for reimbursement under the CAP Incentives Guidelines, prior to considering any cost-effectiveness limits or any project funding cap restrictions.

Exposure Reduction: Refers to strategies and measures aimed at reducing exposure to air pollution. These measures can include reducing indoor air pollution, measuring air quality, and protecting vulnerable communities. CARB and local air districts are responsible for implementing these measures.

Extended Warranty: Any warranty purchased to extend the time period for coverage in addition to the standard warranty provided by the manufacturer.

Federal Funds: Awards of financial assistance to an individual or organization from the U.S. government to carry out a government-authorized purpose and not provided as personal benefits or assistance from the government.

Fiscal Year: A fiscal year is from July 1 to June 30. Each fiscal year is associated with set times for achieving program milestones such as contract execution, fund expenditure, and fund liquidation.

Force Majeure Event: An event such as acts of God, enemy or hostile governmental action, civil commotion, strikes, lockouts, labor disputes, fire, or other casualty. Neither CARB nor the grantee shall be liable for or deemed to be in default for any delay or failure in performance under a Grant Agreement or interruption of services resulting, directly or indirectly, from acts of God, enemy or hostile governmental action, civil commotion, strikes, lockouts, labor disputes, fire or other casualty, etc.

Formaldehyde: A poisonous, odorous gas that is a classified toxic air contaminant and used in manufacturing composite wood-based products.

Functional Chrome Plating or Hard Chrome Plating: The process by which an electrical charge is applied to a plating bath containing an electrolytic salt (chromium anhydride) solution. The electrical charge causes the chromium metal in the bath to fall out of solution and deposit onto various objects (usually metallic) placed into the plating bath. The electrical charge during the chrome plating process causes the hexavalent chromium to be emitted from the bath as an aerosol that, once emitted from the facility, can be inhaled and entrained inside the lungs.

Funding Cap: The maximum dollar amount or maximum percentage of CAP Incentives or State funds that may be expended on a project, as specified by source category.

General Fund: For legal basis accounting and budgeting purposes, the predominant fund for financing State government programs, used to account for revenues that are not specifically designated to be accounted for by any other fund. The primary sources of revenue for the General Fund are personal income tax, sales and use tax, and corporation taxes. The major uses of the General Fund are education (K-12 and higher education), health and human services programs, and correctional programs.

Grant Agreement: The signed final agreement between the CARB and the local government agency or organization authorized to accept grant funding. The Grant Agreement and its components contain all the terms, conditions and requirements of the grant program.

Grant Amount: Contracted amount of CAP Incentives for a project, which may not exceed the maximum dollar amount or maximum percentage of eligible cost specified by source category and project type.

Greenhouse Gas (GHG): An atmospheric gas such as carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), sulfur hexafluoride (SF6), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), nitrogen trifluoride (NF3), ozone, and water vapor that slow the passage of re-radiated heat through the Earth's atmosphere preventing it from escaping into space. If the atmospheric concentrations of these gases rise, the average temperature of earth's lower atmosphere will gradually increase.

Greenhouse Gas Reduction Fund (GGRF): The State's portion of the Cap-and-Trade auction proceeds are deposited in the Greenhouse Gas Reduction Fund to be used for California Climate Investments.

Gross Vehicle Weight Rating (GVWR): A value specified by the vehicle manufacturer as the maximum design loaded weight of a single vehicle. Examples are shown in Table D-1.

Health Risk Assessment (HRA): A document that identifies the risks and quantities of possible adverse health effects that may result from exposure to emissions of toxic air contaminants. A health risk assessment cannot predict specific health effects; it only describes the increased possibility of adverse health effects based on the best scientific information available.

Heating Ventilation and Air Conditioning Systems (HVAC): Refers to heating, ventilation, and air conditioning systems, which are crucial for regulating indoor air

quality by controlling temperature, humidity, and ventilation. They help maintain good indoor air quality through adequate ventilation with filtration and provide thermal comfort.

Heavy-Duty Vehicles (HDV): Trucks and buses in the weight classes shown below in Table D-1.

Table E-1: Heavy-Duty Vehicle Classification for Community Air Protection Incentives On-Road Projects

Vehicle Classification	**GVWR**
Light Heavy-Duty (LHD)	14,001 to 19,500 pounds
Medium Heavy-Duty (MHD)	19,501 to 33,000 pounds
Heavy Heavy-Duty (HHD)	Over 33,000 pounds

Hexavalent Chromium: The form of chromium in a valence state of +6.

Hex Chrome Funding: AB 102 (Ting, Chapter 38, Statutes of 2023) made ten million dollars ($10,000,000) available to CARB to assist with the necessary transition away from the use of hexavalent chromium in chromium electroplating and chromic acid anodizing (chrome plating) operations.

Incremental Cost: The cost of the project less a baseline cost that would otherwise be incurred by the applicant in the normal course of business.

Ineligible Cost: Costs associated with a project that are not eligible under the CAP Incentives Guidelines, but may be eligible project costs under other funding sources.

Initial Source Test: An emissions test of chromium containing tank(s) conducted for the purpose of verifying the emission levels of total chromium to confirm trivalent chromium or alternative technology emissions, or demonstrating compliance with an applicable Emission Limitation in accordance with the requirements of section 93102.7.

Land Use: Refers to the human use of land, such as agricultural, residential, industrial, mining, and recreational. Local agencies have primary jurisdiction over land use decisions. California State law governs local agencies land use decision-making. Land use planning is the public process to designate the local land uses for an area in long term plans. California State law requires all cities and counties to have a general plan that contains a "land use element" which uses text and maps to designate the future

use or reuse of land within a given jurisdiction's planning area. The land use element serves as a guide to zoning and official decisions regarding the distribution and intensity of development, and the location of public facilities and open space. Plans are subject to public CEQA review process. Zoning or zone designations are the legally regulated, more specific descriptions of land uses.

Lease-to-Own: Program funds are used to subsidize a leasing program where the lessee takes ownership of the vehicle at the end of the lease.

Liquidate: To spend all moneys for a specified fiscal year to reimburse grantees for valid and eligible project invoices and air district administrative costs. Payments withheld from the grantee by an air district until all contractual reporting requirements are met may be excluded from these amounts for the purposes of liquidation. For a specific project, liquidation refers to all funded equipment as paid in full and operational.

Local Funds: Monies provided by any unit of local government including a publicly owned utility and Joint Powers Authority (JPA).

Low-Income Applicant: Projects benefiting low-income applicants must be located in or directly benefit residents of low-income communities, and they must address a need within that community.

Low-Income Community (LIC) and Low-Income Household: Designated as priority populations. Census tracts or households that are either at or below 80% of the statewide median income, or at or below the threshold designated as low-income by California Department of Housing and Community Development from AB 1550.

Maximum Grant Amount: The maximum amount of money a grantee is eligible to receive for a cost-effective Community Air Protection Program project. For further guidance on maximum grant amount, refer to Appendix A, Section D.

Maximum Percentage of Eligible Cost: The maximum percentage of eligible cost that may be expended on a project as specified by source category and project type, often to reflect incremental cost.

Memorandum of Understanding (MOU): A document recording the basic terms of a proposed transaction or setting forth the principles and guidelines under which parties will work together.

Minimum Efficiency Reporting Value (MERV): A measurement scale of the effectiveness of an air filter.

Mitigation Funds: Monies received for the compensation for the impacts to the environment from a proposed activity.

Mobile Source: Source of air pollution such as an automobile, motorcycle, truck, off-road vehicle, boat, and airplane.

Moyer Program Funds: State funds awarded by CARB to local air districts to implement the Moyer Program, including project, administrative, and interest revenue from the awarded funds, and revenues from salvage of equipment scrapped under the program. Local funds that are under the air district's budget authority may also qualify as Moyer Program funds or match funds (see H&SC § 44287(e)); however, certain limitations apply (see H&SC § 44287(j)).

Nonattainment Area: A geographic area identified by the U.S. EPA and/or CARB as not meeting either the National Ambient Air Quality Standards or the California Ambient Air Quality Standards for a given pollutant.

Non-CAP Incentives Funds: Project funds from sources other than CAP Incentives.

Non-Moyer Project: Any CAP Incentives project not implemented using eligibility criteria from the Moyer Guidelines.

Nonperformance: Program nonperformance is non-compliance with program guidelines or statute that is not corrected by in a timely or satisfactory fashion.

Other Applied Funds: Funds that are not local, State, or federal that are used to co-fund an eligible CAP Incentives project.

Owner: A person, corporation, public agency, or other entity that owns, operates or maintains a vehicle, equipment, or facility.

Ozone: A product of the photochemical process involving the sun's energy and ozone precursors, such as hydrocarbons and oxides of nitrogen. Ozone exists in the upper atmosphere ozone layer (stratospheric ozone) as well as at the Earth's surface in the troposphere (ozone). Ozone in the troposphere causes numerous adverse health effects and is a criteria air pollutant. It is a major component of smog.

Participant: An eligible entity that applies for funding and is a recipient of CAP Incentives.

Particulate Matter: Any material, except pure water, that exists in the solid or liquid state in the atmosphere. The size of particulate matter can vary from coarse, wind-blown dust particles to fine particle combustion products.

PM10: A criteria air pollutant consisting of particulate matter 10 microns or less in aerodynamic diameter (about 1/7 the diameter of a single human hair). Their small size allows them to make their way to the air sacs deep within the lungs where they

may be deposited and result in adverse health effects. PM10 also causes visibility reduction.

PM2.5: Particulate matter 2.5 microns or less in aerodynamic diameter. This fraction of particulate matter penetrates most deeply into the lungs.

Penalty Funds: Funds paid to an enforcing entity as a result of enforcement action brought against a violator of a local, State or federal law, ordinance, regulation or rule.

Power Take-Off (PTO): A secondary engine shaft (or equivalent) that provides substantial auxiliary power for purposes unrelated to vehicle propulsion or normal vehicle accessories such as air conditioning, power steering, and basic electrical accessories. A typical PTO uses a secondary shaft on the engine to transmit power to a hydraulic pump that powers auxiliary equipment.

Powertrain or Zero-Emission Powertrain: The mechanism by which power is transmitted from an engine to a propeller or axle that it drives. The system is designed to propel the vehicle or equipment forward. Defined in California Code of Regulations title 13, Section 2166.1(w), "zero-emission powertrain" means an all-electric or hydrogen fuel- cell powertrain assembly, which includes (if applicable) the electric traction motor, system controller, generator, on-board charger, battery management system, thermal management systems, energy storage system (batteries, capacitors, and flywheels), inverter, fuel-cell stack, and the interface at which electrical power is converted to tractive mechanical power or vice-versa (in the case of a regenerative braking system), certified pursuant to the requirements in Section 1956 (a)(8).

Priority Population: A collective term used by California Climate Investments to include disadvantaged communities, low-income communities and low-income households.

Project Life: The period for which CAP Incentives are considered to provide emissions reductions in excess of those otherwise required by law or regulation for a given project. The contract period or contract term must equal the project life.

Project Funds: CAP Incentives funds that air districts receive to designate for eligible project costs to reduce covered emissions from covered sources.

Project Plan: Community-Identified Project Plan: developed by an air district consistent with the actions identified in the applicable Community Emissions Reduction Program (CERP). Stationary Source Project Plan: developed by an air

district to fund stationary projects that address air pollution and must achieve emission reductions.

Public Entity: The State of California, a public university or college, a county, city, district, public authority, public agency, public corporation, another State government, the federal government, or any other subdivision or agency of a State government or the federal government.

Recaptured Funds: Project funds that are returned by a grantee to an air district or CARB because that grantee did not meet all of its contractual obligations. Air districts must spend these funds on another project in a later funding year.

Reduced Technology: Newer technology such as new vehicles or equipment, depending on source category, that is used by the applicant to obtain emissions reductions in excess of those otherwise required by law or regulation. See Baseline Technology, its counterpart.

Reimbursement: The process by which funding is received for expenses already incurred. Reimbursement is a return of funds for a specific purpose.

Remote Inspection: A non-in-person inspection in which a grantee, dealer, or equivalent livestreams a video inspection to the air district to verify that the vehicle/equipment and engine/powertrain are operational as required by the program guidelines. The grantee, dealer, or equivalent then subsequently submits to the air district required photographs that accurately represent the vehicle/equipment and engine/powertrain. The video livestreaming must be done through an application (i.e., Zoom, Microsoft Teams, etc.) that is free and compatible with all operating systems of the air district that it is performed for.

Repower: A repower is the replacement of the existing engine with an electric motor or a newer emission-certified engine instead of rebuilding the existing engine to its original specifications.

Retrofit: Modification to the engine and fuel system so that the retrofitted engine does not have the same emissions specifications as the original engine, or the process of installing an CARB-verified emissions control system on an existing engine.

Returned Funds: Funds returned by an air district to CARB for reallocation because they are either not liquidated by the required funding year liquidation deadline or are associated with a CARB Incentive Program Review mitigation measure.

School Bus: Vehicle used for the express purpose of transporting students, kindergarten through grade 12, from home to school, school to home, and to any

school-sponsored activities. Fleets of school buses are often referred to as "yellow fleets."

Selected Community: Statute requires CARB to annually consider selecting communities for the preparation of a Community Emissions Reduction Program (CERP) and/or Community Air Monitoring Program (CAMP) and to base that selection on an assessment of the cumulative air pollution exposure burdens in impacted communities throughout the State. The statute also directs CARB to prioritize for selection disadvantaged communities and sensitive receptor locations based on modeling information, air quality monitoring data and existing public health data.

Sensitive Receptor: Any residence including private homes, condominiums, apartments, and living quarters; education resources such as preschools and kindergarten through grade 12 (K-12) schools; daycare centers; and health care facilities such as hospitals or retirement and nursing homes. A sensitive receptor includes long-term care hospitals, hospices, prisons, and dormitories or similar live-in housing.

Small Business: A facility that is independently owned and operated with average annual gross receipts of three million dollars ($3,000,000) or less, averaged over the previous three years.

Source Category: Includes heavy-duty on-road vehicles, off-road non-recreational equipment and vehicles, locomotives, marine vessels, agricultural sources of air pollution, and other categories as determined by CARB that are necessary for the State and air district to meet air quality goals.

Stationary Source: Non-mobile sources such as power plants, refineries, and manufacturing facilities which emit air pollutants.

State Funds: Funds provided by the State of California for the purpose of co-funding projects under the CAP Incentives Guidelines. State agencies include every State office, department, division, bureau, board, commission, the University of California, and the California State University.

State Implementation Plan: Under the Clean Air Act, the plan submitted by California that demonstrates attainment or maintenance of an air quality standard through Implementation of specified control measures.

Statute: A law enacted by the legislative branch of a government.

Supplemental Environmental Project: Community-based project to improve public health, reduce pollution, increase environmental compliance, and bring public

awareness to neighborhoods most burdened by environmental harm that are funded from a portion of the penalties received during settlement of enforcement actions.

Support Vehicle: A vehicle that does not transport students to and from school but is instead used by the school for such activities as the upkeep of their grounds and the delivery of their food. This fleet of support vehicles is also called the "white fleet."

Third-Party Certifier: A CARB approved entity or organization that verifies the accuracy of the emission test procedures and facilities used by manufacturers to conduct formaldehyde emission tests, monitors manufacturer quality assurance programs, and provides independent audits and inspections.

Total Project Cost: The cost of a singular incentive project (e.g., complete transactional cost to purchase a replacement, or all costs associated with installation of infrastructure), inclusive of guideline specified eligible costs, ineligible costs, and the applicant cost-share. Grant funds from all sources of funding to be used toward the total project costs cannot exceed 100% of the total project cost.

Toxic Air Contaminant (TAC): Under Health & Safety Code section 39655(a), this is an air pollutant which may cause or contribute to an increase in mortality or in serious illness, or which may pose a present or potential hazard to human health. CARB has formally identified over 200 substances and groups of substances as TACs.

Toxic Substances Control Act: A law that regulates new and existing chemicals.

Trivalent Chromium Process: The process used for electrodeposition of a thin layer of chromium onto a base material using a trivalent chromium solution instead of a chromic acid solution.

Unique Identifier: An identifier that is guaranteed to be unique among all identifiers used for those objects and for a specific purpose (e.g., serial number).

Utility: A privately-owned company that provides the same or similar service for water, natural gas, and electricity as a public utility operated by a municipality.

Vehicle Miles Traveled (VMT): Total miles traveled by a vehicle in one year. Also called annual mileage or annual usage.

Verification: A determination by CARB or the U.S. EPA that a diesel emission control strategy meets specified requirements, based on both data submitted and engineering judgement. Third-party certifiers will verify that composite wood products meet CARB/U.S. EPA standards. Also see "Certification."

Violation: When an individual, company, or entity is responsible for violating an environmental law, regulation, or rule.

White Fleet: The fleet of support vehicles, excluding school buses, such as light and medium heavy-duty flat beds and delivery trucks that transport goods and services to schools.

Zero-Emission Conversion: Replacement of the systems used to power or fuel an existing piece of equipment with systems that produce no emissions as a result of equipment operation, or modification of existing systems to accept a fuel or power source that produces no emissions as a result of equipment operation. For heavy-duty on-road electric conversion projects, see Chapter 4 of the Moyer Guidelines.

Zero-Emission Technology: A vehicle or piece of equipment that emits no pollutants.

APPENDIX F: REFERENCES

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