

Chapter 3: PROGRAM ADMINISTRATION

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I. Guidance

This chapter describes the administrative requirements that the California Air Resources Board (CARB), air quality management districts or air pollution control districts (air districts) and interested parties must follow to ensure that Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer Program) projects achieve State Implementation Plan (SIP)- creditable emission reductions.

A. Background

An air district may choose to require more stringent administrative procedures in implementing its local program. Some source category chapters of the Moyer Program Guidelines (Guidelines) give additional administrative requirements. In a case where the source category requirements conflict with requirements specified in this chapter, the source category requirements take precedence. A summary table of sections of this chapter where source category requirements take precedence made be found in the Source Category Precedence supplemental document on the [Carl Moyer webpage](#).

These Guidelines must be used for all projects funded with fiscal year 2024-25 (Moyer Program Year 27) and subsequent years' funds. A grace period will be provided following Board approval, to allow air districts to transition to the new Guidelines and update air district Policy and Procedures. Air districts will be required to implement and have their Policy and Procedures updated no later than August 29, 2025 (subsequent to Yearly Report). The 2024 Guidelines may be utilized for previous year funds after the Board approval date, and applied to projects for which contracts are fully executed after the Board approval date.

For projects funded using fiscal year 2023-24 (Moyer Program Year 26) and previously awarded funds, an air district may use either the Guidelines that apply for fiscal year of those funds or the current Guidelines, with any applicable program advisories, Incentive Program Implementation (IPI) notices, and mail-outs. An air district may not apply elements of both Guidelines to a project. When an air district begins applying the 2024 Guidelines to projects, it must continue to apply only the 2024 Guidelines to all subsequently funded projects. CARB will follow these 2024 Guidelines for administration of the Moyer Program following Board approval.

B. Type of Moyer Program Grant Funds

Moyer Program grant funds (Moyer funds or funds) are broken down into three subcategories:

1. State Reserve Funds

CARB may direct up to ten percent of Moyer funds available each fiscal year to eligible projects selected in accordance with Health and Safety Code (H&SC) Section 44286. State Reserve funds are also referred to as multi-district funds. Air Districts utilizing State Reserve Funds for Clean Cars 4 All (CC4A) projects may allocate up to twenty percent (20%) of the total grant amount, as specified in

Chapter 8, Section G.4.

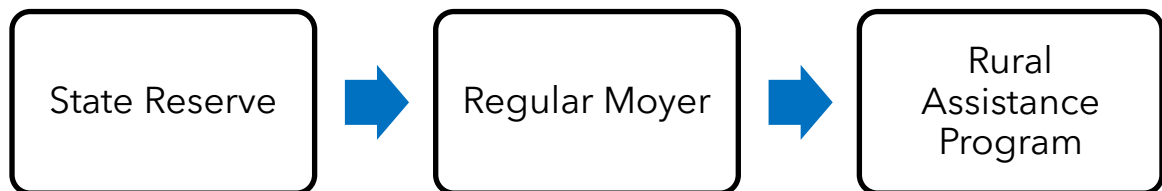
2. Regular Moyer Funds

Annual air district allocation based on a strict set of requirements (H&SC Section 44299.2)

3. Rural District Assistance Program Funds.

The Rural District Assistance Program (RAP) is an element of the Moyer Program in which the rural air districts pool their minimum allocation funds to streamline project outreach, solicitation, and review. Funds are designated to the RAP by rural air districts during the Regular Moyer funds application process. California Air Pollution Control Officer Association (CAPCOA) acts as the RAP administrator, see Section I for the RAP roles and responsibilities.

Figure 3-1: Moyer Program Grant Funds Overview



The graphic above represents the Moyer Fund allocation process, starting with up to ten percent of the funds set aside to State Reserve, and then the remaining going to Regular Moyer. RAP Funds are last pot of funds created by the pooling of designated Regular Moyers by rural air districts to the RAP.

C. Grant Fund Allocation and Solicitation

All timeframes within this section are approximate unless they are set in statute.

1. State Reserve Funds Notification

State Reserve funds up to ten percent of the Moyer Program funds each year that are set aside to focus on any covered source project type determined to be in need (H&SC Section 44286(d)). CARB will annually post on its website a solicitation packet for State Reserve projects. The solicitation packet will include the application requirements and due date, project eligibility criteria, and project selection criteria. In addition, CARB will send a solicitation letter by email to each air district's Air Pollution Control Officer (APCO) and program contact (when applicable) notifying them that State Reserve for that year is available.

**Table 3-1
State Reserve Funds Timeline**

Estimated Timeframe ⁽¹⁾	Action
1 st Quarter of Fiscal Year	CARB determines project type
1 st Quarter of Fiscal Year	CARB sends out solicitation/application packet to air districts
2nd Quarter of Fiscal Year	Air districts submit completed applications for funds
2nd Quarter of Fiscal Year	CARB issues final awards/grant agreement cover sheets to air districts
2nd Quarter of Fiscal Year	Air districts return signed grant agreement cover sheets
June 30 of Following Year	Target date for air district contracts to be executed
June 30 of Second Year	Deadline for air districts to receive final fund disbursement
June 30 of Fourth or Eighth Year ⁽²⁾	Deadline for air districts to liquidate funds

- (1) Estimated timeframes within Table 3-1 display the approximate timing for future funding years and are subject to change. These timeframes should not be cited in district board resolutions and/or board minute orders. At CARB’s discretion, timeframes may be subject to change. Final timeframes may differ.
- (2) Fiscal years prior to 2024-25 5 (Moyer Program Year 27) will follow the four year liquidation requirement. Eight year liquidation applies to all Moyer Program Grant Funds starting with fiscal year 2024-25 (Moyer Program Year 27) following the passage of SB 1158.

2. Regular Moyer Grant Funds Notification

Each fiscal year, CARB will send a solicitation letter by email to each district’s APCO and program contact (when applicable), notifying them that Moyer Program funds for that year are available. Enclosures with the letter will include the application for funds, a tentative allocation of regular program funds (not including State Reserve funds) for all air districts showing a breakdown of project and administration funds, and any associated match funds requirement.

Air districts will notify the Grants Processing Section of changes of the district APCO and/or program contact (when applicable) when they occur, via email to MSCDGrants@arb.ca.gov.

3. Tentative and Final Funds Allocation:

After a review of projected revenues for the current fiscal year, a tentative funds allocation for all air districts will be determined by CARB under the requirements of H&SC Section 44299.2(a); it may include funds returned or reverted to CARB under Section 44287(j). Following receipt and review of air district applications, CARB will determine a final funds allocation that (a) considers any update in projected revenues and (b) redistributes any funds declined by air districts to other air districts that have requested additional funds. This redistribution will also follow the allocation requirements of H&SC Section 44299.2(a). The typical timeline for the initial allocation, air district application, final allocation,

disbursement and subsequent expenditure of a fiscal year’s grant funds is provided in Table 3-2.

**Table 3-2
Moyer Program Regular Funds Timeline**

Estimated Timeframe ⁽¹⁾	Action
1st Quarter of Fiscal Year	CARB determines air district tentative allocation amounts
1st Quarter of Fiscal Year	CARB sends out solicitation/application packet to air districts
1st Quarter of Fiscal Year	Air districts submit completed applications for funds
2nd Quarter of Fiscal Year	CARB issues final awards/grant agreement cover sheets to air districts
2nd Quarter of Fiscal Year	Air districts return signed grant agreements
June 30 of Following Year	Target date for air district contracts to be executed
June 30 of Second Year	Deadline for air districts to receive final fund disbursement
June 30 of Fourth or Eighth Year ⁽²⁾	Deadline for air districts to liquidate funds

(1) Estimated timeframes within Table 3-2 display the approximate timing for future funding years. These timeframes should not be cited in district board resolutions and/or board minute orders. At CARB’s discretion, timeframes may be subject to change. Final timeframes may differ.

(2) Fiscal years prior to 2024-25 (Moyer Program Year 27) will follow the four year liquidation requirement. Eight year liquidation applies to all future Moyer Program Grant Funds starting with fiscal year 2024-25 (Moyer Program Year 27) following the passage of SB 1158.

4. RAP Designation and Notification

An air district may designate funds to RAP in its application for Regular Moyer Program funds (see Section D.2.(C)). The typical timeline for the initial allocation, air district application, final allocation, disbursement and subsequent expenditure of a fiscal year’s grant funds is provided in Table 3-3.

**Table 3-3
Moyer RAP Program Funds Timeline**

Estimated Timeframe ⁽¹⁾	Action
1 st Quarter of Fiscal Year	CARB sends out solicitation/application packet to air districts during the Moyer solicitation. The air district designates their minimum allocation of \$200,000 to RAP using the Carl Moyer Application Form (MSCD/ITAB-099)
1 st Quarter of Fiscal Year	Air districts submit completed applications for funds
1 st Quarter of Fiscal Year	CARB notifies CAPCOA of funds designated to RAP and the total amount funds allocated to RAP
1 st Quarter of Fiscal Year	CAPCOA Solicitates applications for RAP
3 rd - 4 th Quarter of Fiscal Year	CARB issues final awards/grant agreement cover sheets to air districts along with the CAPCOA RAP administration agreement cover sheet to CAPCOA
3 rd - 4 th Quarter of Fiscal Year	Air districts return signed grant agreements and CAPCOA returns signed CAPCOA RAP administration agreement cover sheet
June 30 of Following Year	Target date for air district contracts to be executed
June 30 of Second Year	Deadline for air districts to receive final fund disbursement
June 30 of Fourth or Eighth Year ⁽²⁾	Deadline for air districts to liquidate funds

- (1) Estimated timeframes within Table 3-3 display the approximate timing for future funding years. These timeframes should not be cited in district board resolutions and/or board minute orders. At CARB’s discretion, timeframes may be subject to change. Final timeframes may differ.
- (2) Fiscal years prior to 2024-25 (Moyer Program Year 27) will follow the four year liquidation requirement. Eight year liquidation applies to all future Moyer Program Grant Funds starting with fiscal year 2024-25 (Moyer Program Year 27) following the passage of SB 1158. Air District Applications for Grant Funds

D. Air District Applications for Grant Funds

1. Application Review Period

CARB shall approve or disapprove an air district’s application for funds no later than 60 days after receipt (H&SC Section 44287(m)).

2. Applying for Moyer Funds

- (A) State Reserve: Any air district that is willing and able to administer and meet the project eligibility requirements may apply for funds in response to the State Reserve project solicitation.
- (B) Regular Moyer Air District: An air district may consider the following options upon receiving the solicitation:

- (1) Accept the tentative allocation in full without change, and commit to the associated match funds amount;
- (2) Accept the tentative allocation but request additional funds, and commit to the associated match funds amount;
- (3) Accept less than the tentative allocation but more than the minimum allocation of \$200,000, and commit to the associated match funds amount;
- (4) Accept the minimum allocation of \$200,000, with no match requirement;
- (5) Accept the minimum allocation of \$200,000 and authorize the funds be designated to the RAP;
- (6) Accept the tentative allocation and authorize the funds be designated to a lead air district for Moyer Program funding in the region, for the current year and up to liquidation deadline unless rescinded in a future year. Four year liquidation for FY 2023-24 (Moyer Year 26) and prior, and eight year liquidation for FY 2024-25 (Moyer Year 27) and all future years;
- (7) Decline an allocation. In this case the air district's share of funds will be redistributed with the final funds' allocation.

(C) RAP: Individuals, private companies and public agencies residing in a rural air district and meeting the eligibility requirements may submit their applications to CAPCOA Program Administrator who screens, ranks and selects projects based on CAPCOA criteria. See Section I. for more information.

3. Application and Resolution

Within 30 calendar days of the date of the solicitation letter, an air district accepting or designating funds will provide CARB a completed application indicating the option chosen above and signed by the APCO. The application will include a board resolution or minute order that supports the option chosen and will indicate the district is maintaining a Moyer Program Policies and Procedures Manual that meet the requirements of this section. For air districts accepting funds the resolution or minute order will commit the district to participate in the Moyer Program, comply with Program requirements, and commit to providing matching funds if requesting funds above the minimum allocation. If the air district is unable to submit a copy of the board resolution or minute order by the Moyer Program application deadline, the application will indicate when a resolution or minute order will be considered by the board.

Air districts may use a blanket resolution or minute order accepting funds for multiple specified years and allowing participation in the Moyer Programs (State Reserve, Rural Assistance, and Regular Moyer). It is recommended that a blanket resolution or minute order not contain absolute dollar amounts that constrain their multiple year use. Air districts using a blanket resolution or minute order should

also be aware that CARB will not disburse funds if the resolution or minute order has expired.

4. Match Funds (for Regular Moyer)

An air district requesting the tentative allocation, or a greater amount must make a match funds commitment equal to 15 percent of State funds requested. The district will indicate on its application the source of match funds. An air district may account for up to 15 percent of its match requirement with in-kind contributions (H&SC Section 44287(h)). Sources and requirements for match funds are described in Section K of this chapter.

5. Policies and Procedures

To remain eligible for continued funding, an air district will maintain a Moyer Program Policies and Procedures Manual. The manual will focus on the district's local implementation of the Moyer Program Guidelines, including roles and responsibilities within the district and local application of Moyer Program policies. Air district staff will review the manual at least once a year, will update it in the interim when a change in policy or procedure has occurred, and will make it available when requested by CARB staff or a member of the public. The manual will include at least the following elements, and further elements where noted in project source category chapters:

- (A) Roles and responsibilities within the air district for program implementation, including the staff or positions responsible for:
 - (1) Responding to CARB funding solicitations;
 - (2) Evaluation, selection and inspection of projects, including in-person and virtual project inspections;
 - (3) Tracking funding and earned interest; and
 - (4) Obtaining governing board approval for program participation and projects to be funded;
- (B) Identification of the project source categories supported by the air district Moyer Program, and the 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 should include sample memoranda of understanding (MOU) 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 Guidelines with CARB's approval (e.g. schedule for solicitation, and review of applications to be submitted under these source categories);

- (C) Procedures for project selection, including cost-effectiveness or other criteria applied to rank projects, or whether projects are selected in order of application receipt (first-come, first-serve); and any procedures that vary by source category;
 - (1) Selection process following application receipt:
 - (a) First-come, first-serve, or
 - (b) Ranking, or
 - (c) Other criteria applied to select projects, described in detail.
 - (2) Ranking criteria based on (if applicable to the source category):
 - (a) Cost-effectiveness;
 - (b) Prioritization of communities with minority populations or low-income community status, including as applicable to the district the project selection procedures that ensure priority for funding projects to reduce air pollution in communities with the most significant exposure to air pollution (H&SC Section 43023.5);
 - (c) Other criteria applied to rank projects;
 - (3) Any procedures that vary by source category;
- (D) Procedures for notifying successful applicants of their grant awards, and for notifying applicants who have not been awarded grants;
- (E) Where applicable, project selection procedures that ensure priority for funding projects that will reduce air pollution in communities with the most significant exposure to air pollution (H&SC Section 43023.5);
- (F) Where applicable, the procedures for selecting projects to be funded with Moyer Program match funds;
- (G) The method for calculating interest earned on Moyer Program funds held by the air district;
- (H) Methodologies for calculating and recording direct and indirect costs;
- (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 these 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) Methods for reviewing and approving grantee annual reports, including actions taken by the air district when the grantee annual reporting is determined to be unsatisfactory;
- (P) Procedures for when a grantee's project contract or project file would require an amendment or memo describing the project change;
- (Q) Any air district program requirements that are more stringent than those specified in Moyer Program Guidelines, IPI correspondence, and mail-outs;
- (R) Any CARB approvals of air district program elements that vary from those required by Moyer Program Guidelines and Mail-Outs, e.g. methods of ensuring engine or equipment destruction that vary from those specified in the source category chapters;
- (S) 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.

E. Grant Application Review and Grant Award

1. Review Period

CARB will review an application immediately upon receipt and, when necessary, provide the air district with a written explanation of what is missing from the application within ten working days of its receipt. CARB will approve completed applications that fulfill all criteria no later than 60 working days after receipt (H&SC Section 44287(m)), including time for CARB review and comment on air district Policies and Procedures Manual if desired by CARB.

2. Conditional Approval

CARB may elect to approve an application that is missing a particular item and make the submittal of that item a Special Term and Condition of the grant agreement. For example, sometimes air district staff is unable to obtain a board resolution or minute order before the application deadline. In such a case, CARB may allow a board resolution or minute order to be submitted with the signed grant agreement or prior to the air district's initial disbursement.

3. Policies and Procedures Review

The grant application 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 Manual, and an air district may request CARB's review of its manual's completeness and consistency with these Guidelines. CARB comments on an air district's Policies and Procedures Manual will be provided by email or in other written format. An air district's policies and procedures as implemented can only be fully evaluated during a program review process or desk review.

4. 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 awards, 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 an Exhibit(s) which will detail the General Terms and Conditions for the grant. The air district APCO, or designee, will sign the cover sheet and return it with an electronic signature (e-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 a copy of the fully executed grant to the air district for its records.

F. Fund Disbursement

1. Procedure

CARB may disburse funds following signature of the grant agreement by both parties. To obtain funds the air district will submit a completed current Grant Disbursement Request Form, available on the Moyer Program website. The Grant Disbursement Request Form must include an original signature by a party authorized and designated by the air district governing board. 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 adequate time for payment processing prior to the end of the fiscal year. Any funds not disbursed by June 30 two years following the award will be reallocated to all districts in the subsequent grant cycle.

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.

2. Initial and Additional Disbursements

An air district may request an initial disbursement of \$200,000 or 10 percent of its project funds, whichever is greater. The air district may request additional disbursements when the criteria below have been met.

- (A) The preceding Yearly Report demonstrates on-time liquidation consistent with H&SC Section 44287(j); or if not, any funds not liquidated on time have been redirected to another air district who can meet the liquidation, or received by CARB. CARB will not require a return of funds under executed contract (H&SC Section 44275.(12)). CARB may require an air district to change the funding years from which funds are assigned to projects in the statewide database (Clean Air Reporting Log or CARL) to facilitate on-time liquidation.
- (B) The Grant Disbursement Request Form is accompanied by a list of projects, that are either 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 equal or exceed the amount of the disbursement request.

3. Administration Funds

An air district may also request some or all of its administration funds with an initial disbursement. The air district will receive one check for both program administration and project funds but must account for the expenditure of administration and project funds separately.

G. Redirection of Funds - Air District to Air District

1. Procedure

An air district may redirect funds to another air district by submitting to CARB the items below. (Rural air districts choosing to reallocated their minimum allocation of regular Moyer funds to the RAP may do so during the Regular Moyer Solicitation and Application period).

For funds already disbursed by CARB and due for liquidation by June 30 of the current fiscal year, the air district must submit these items no later than March 31 to allow time for processing by Moyer Program administration staff and to establish new liquidation targets in the CARL database.

For funds not yet disbursed by CARB and due for disbursement by June 30 of the current fiscal year, the air district must submit these items no later than March 15 to Moyer Program administration staff to allow time for processing, and to ensure and that the air district receiving the redirected funds has adequate time to meet liquidation targets.

A redirection request includes:

- (A) The Moyer Program Redirection of Funds Form, found on the [Administrative Forms](#) webpage, with the appropriate portions completed in consultation with CARB staff and indicating the sums of project and administration funds to be redirected, which may include interest or other earned funds due for liquidation;
- (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 air pollution control officers of the affected air districts. The MOU must:
 - (1) Specify the details and conditions of the redirection of funds;
 - (2) Identify which air district is responsible for any required match associated with the redirected funds;
 - (3) Identify the funding year and the associated liquidation deadline for the redirected funds;
 - (4) Specify how and when payment will be made to the air district receiving the funds, including one of the following:
 - (a) If the transferring air district has not submitted a disbursement request to CARB, the MOU will specify that the air district redirecting the funds will submit a disbursement request to receive the funds and then will issue a payment to the receiving district.
 - (b) If the transferring air district has the funds already, the MOU will specify that it will pay the receiving air district directly.
 - (5) An air district receiving funds from another district will keep a copy of the check in the program file and will be made available to Moyer Program staff upon request.

2. Retention of Administration Funds

Air districts redirecting project funds but retaining, with approval of the receiving air district, associated administration funds must provide to CARB upon request a description of how administration funds were utilized for the period since the grant award, including but not limited to the following:

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:

- (A) A list of project applications submitted and reviewed;
- (B) A breakdown of staff time devoted to Moyer Program activities;
- (C) A summary of any Moyer Program training activities for air district staff.

H. Transfer of Administration Funds to Project Funds Within an Air District

1. Procedure

An air district may transfer their unused administration funds to project funds by submitting the Transfer of Funds Within the Same District, found on the [Administrative Forms](#) webpage, to CARB. Once the transfer is complete the transferred funds may be used on projects. For funds due for liquidation by June 30 of the current fiscal year, the air district must submit this form no later than March 31 to allow time for processing by Moyer Program administration staff and to establish new liquidation targets in the CARL database.

I. Rural District Assistance Program

1. Purpose

The Rural District Assistance Program (RAP) is a partnership among rural air districts, CAPCOA, and CARB to enhance rural air district participation in the Moyer Program. RAP facilitates air district participation by streamlining the grant administrative process and by encouraging the pooling of financial and technical resources. The reduction in cost and staff resources lowers the threshold for participation in the Moyer Program and maximizes project funding in rural areas.

2. Designation or Redirection of RAP Funds

An air district may designate regular program funds to RAP in its application for Moyer Program funds (see Section D.2.(C)). An air district may also redirect its RAP funds to another air district following disbursement, see Section G. RAP funds that have been disbursed to air districts and subsequently returned to CARB will be reallocated to other RAP projects whenever possible.

3. Roles and Responsibilities among RAP Program partners are as follows:

(A) Air District Responsibilities:

- (1) Donor air districts designate all or a portion (not to exceed minimum allocation of \$200,000) of their Moyer allocations to RAP on their Regular Moyer grant award application, or redirect grant funds already accepted to RAP using the procedure in Section G of these Guidelines. Air district boards approve designation or redirection of RAP funds via resolution or minute order.
- (2) Recipient air districts sign grant agreements with CARB to accept funds for RAP projects, maintain a Policies and Procedures Manual, and are responsible for grant obligations, including contracts with grantees for project implementation, project inspections, monitoring and reporting. Air district boards approve receipt of RAP funds via resolution or minute order.

(B) CARB Responsibilities:

- (1) Notify CAPCOA of funds designated to RAP.
 - (2) Develop and administer grant agreements between CARB and recipient air districts.
 - (3) Develop and administer grant agreements between CARB and CAPCOA for administering the RAP.
- (C) CAPCOA Responsibilities:
- (1) Select a program administrator, which may be CAPCOA staff, an air district, or a third-party.
 - (a) The RAP Program Administrator provides outreach for RAP, prepares the application and project solicitation, performs initial application screening, ensures project eligibility, ranks projects based on CAPCOA criteria, selects projects, and determines recipient air districts. All documentation must be held by CAPCOA for the life of the projects plus two years.
 - (2) Establish criteria for project selection and approves projects selected by the Program Administrator.
 - (3) Perform all Moyer program functions according to the current Carl Moyer Guidelines, supplemental documents, applicable advisories and mail-outs.
 - (4) Contact air districts and applicants to confirm willingness to participate and inform CARB of the selected project names, project numbers and recipient districts.
 - (5) Perform additional mutually agreed upon duties and tasks described in the grant agreement with CARB to assist in implementing the Moyer Program.

J. AB 923 - \$2 Motor Vehicle Fee

1. Project Eligibility

State law allows air districts to collect an additional \$2 motor vehicle registration surcharge (MV Fee) (H&SC Section 44223) which must be used to fund projects eligible under the Moyer Program, and the following project categories (summarized) (H&SC Section 44229(b)):

- (A) The new purchase, retrofit, repower or add-on equipment for previously unregulated agricultural sources of air pollution (Agricultural Assistance Program, H&SC Section 39011.5).
- (B) Purchase of new school buses or the repower or retrofit of emissions control equipment for existing school buses pursuant to the Lower-Emission School Bus Program adopted by the Board.
- (C) An accelerated vehicle retirement or repair program that is adopted by

CARB.

(D) Onboard natural gas tank replacements in existing school buses 14 years or older or the enhancement of deteriorating natural gas fueling dispensers of fueling infrastructure pursuant to the Lower-Emission School Bus Program adopted by the Board.

(E) Alternative fuel and electric infrastructure projects solicited and selected through a competitive bid process.

2. Match

\$2 MV Fees used to meet the Moyer Program match fund requirement (See Section K) are subject to the same eligibility, reporting, review and auditing requirements as State-provided Moyer Program funds. The \$2 MV Fee funds used to meet the match requirement are not required to be expended within two years from the date of their collection. However, air districts must expend sufficient match funds to meet the obligations for the Moyer Program funds received each year.

3. Reporting and Oversight

Reporting and oversight of the \$2 MV Fee depend upon whether the fee is used to meet the Moyer Program’s match requirement and whether the air district takes SIP credit for \$2 MV Fee projects. Table 3-4 summarizes the various scenarios for treatment of \$2 MV Fee funds and projects. Sections O and T of this chapter further describe \$2 MV fee reporting and oversight.

**Table 3-4
Summary of \$2 MV Fee Requirements and Oversight**

Requirement	\$2 MV Fee as Match	\$2 MV Fee for SIP Credit	\$2 MV Fee Not Match/ not SIP
Liquidation of funds within four or eight years ⁽¹⁾	(2)	No	No
Meet Moyer Program Guideline criteria	Yes	No	No
Subject to CARB Incentive Program Review	Yes	No	(3)
Subject to CARB project eligibility evaluation	Yes	Yes	Yes
Fiscal reporting to CARB	Yes	Yes	Yes
Detailed reporting to CARB	Yes	Yes	No

(1) Fiscal years prior to 2024-25 (Moyer Program Year 27) will follow the four year liquidation requirement. Eight year liquidation applies to all future Moyer Program Grant Funds starting with fiscal year 2024-25 (Moyer Program Year 27) following the passage of SB 1158.

(2) Sufficient funds must be liquidated, regardless of their year of origin or source, to provide the required match by that year’s liquidation deadline. For example, for Year 26, air

districts must complete liquidation of applicable Year 26 match funds by June 30, 2028. When those funds were received is not a factor in determining this deadline.

- (3) Non-match projects funded with AB 923 \$2 MV Fee may be evaluated by CARB in conjunction with Incentive Program Review. Evaluation of these projects will be limited to project eligibility. Any irregularities regarding non-match AB 923 \$2 MV Fee project eligibility must be reported separately from Incentive Program Review findings.

K. Air District Match Funds

1. Requirement

Air districts participating in the Moyer Program are required to provide match funding. Air districts implementing the Moyer Program must commit match funds equaling 15 percent of the regular Moyer Program funds received. An air district receiving a grant award of \$200,000 or less is exempt from this match requirement.

2. Federal Funds

Air districts may use federal funds as Moyer Program match if written confirmation is received from the administering federal agency (for example, the United States Environmental Protection Agency) that (1) the administering agency has no objection to the air district using those funds as match, and (2) the emission benefits obtained from those funds will not be used by the administering agency in a SIP. The air district must also ensure that it will not use such funds as match for any other program and that the use of the funds as Moyer Program match does not conflict with any State or local requirements regarding the funds. If this option is used, supporting documentation must be included in all relevant project files.

3. Program Basis

Air districts may meet their match fund requirement on an overall program basis rather than a project-by-project basis. In other words, air districts do not need to provide match funds towards each project funded, but must fund enough projects (in total or in part) with match funds in order to meet the match requirement. Match funds are included in cost-effectiveness calculations and are subject to the same cost-effectiveness limits as other Moyer Program funds.

4. Match Fund Sources

Match funds may be any funds under an air district's budget authority or fiduciary control that are committed to be expended in accordance with Moyer Program requirements. Match funds may also be provided by a port authority, or a local government teamed with an air district. Match funds provided by a port authority or a local government shall not exceed 30 percent of the total required match funds in any air district that applies for more than \$300,000 of the Regular Moyer funds applied for by the air district (H&SC Section 44287(e)). Port authorities may participate through projects involving their own equipment, or by soliciting port tenants to apply for project funding.

Other CARB incentive grant funds may not be used as match funds.

5. In-Kind Contributions

Up to 15 percent of an air district's match requirement may be fulfilled through in-kind contributions (H&SC Section 44287(h)). Air districts may use any funds under their budget authority, except for Moyer Program administration funds and interest or other funds earned on Moyer Program funds, to cover their in-kind contributions.

When using air district funds for in-kind match, air districts must follow all relevant statute, guidelines, and other legal requirements for expending such funds. In-kind contributions have the same expenditure timeline as match funds. Air district in-kind match funds spent on program administration and outreach must meet the documentation requirements in Section L.

6. Eligible Projects

Match funds may be used to pay for any project that meets all Moyer Program criteria. Match funds may also be used to pay for the incremental cost of electricity or alternative fuels serving a Moyer program eligible source category.

L. Air District Administration Funds

1. Administration Costs

Administration costs include staff time and district activities that support implementation of the Moyer Program, 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. Total administration costs, direct costs plus indirect costs, may not exceed:

- 12.5 percent of funds allocated to an air districts with one million or more inhabitants.
- 15 percent of funds allocated to an air districts with under one million inhabitants.
- Higher percentages for administrative costs may be applicable for specific programs and are provided in the following chapters:
 - See Chapter 8: Light-Duty Vehicles for more information on co-funded projects implemented with the Clean Cars 4 All (CC4A) Program

(A) **Direct Costs:** Costs that are related to direct project labor and expenses associated with project implementation, including, but not limited to the following:

- (1) Personnel costs and fringe benefit.

- (2) Consultant contracts and invoices.
 - (3) Travel expenses.
 - (4) External consultant and third-party contract fees for direct support.
 - (5) Printing, records retention, and mailing associated with staff working on the project.
- (B) **Indirect Costs:** Indirect costs of program implementation include:
- (1) Outreach costs. air districts shall maintain an outreach program consistent with the requirements of H&SC Section 44290.
 - (2) Costs not tied directly or solely to a Moyer project, such as:
 - (a) Distributed administration and general administrative services;
 - (b) Non-project related contracts or subscriptions;
 - (c) Rent and office space, vehicle costs related to inspections and outreach, phones and telephone services, printing, or mailing services not associated with staff working on the project;
 - (d) Any other costs that are not directly and fully incurred to support the grant.
 - (3) Indirect costs may not exceed:
 - (a) 6.25 percent of funds allocated to an air districts with one million or more inhabitants (H&SC Section 44299.1(c)).
 - (b) 12.5 percent of funds allocated to an air districts with under one million inhabitants (H&SC Section 44299.1(d)).

**Table 3-5
Administration and Outreach Allowable Costs and Documentation**

Administration costs	Examples	Required Documentation
Direct costs	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 Moyer Program staff activities with time estimates by activity or task. Supporting documentation includes duty statements or job descriptions indicating percentage of staff time. Supporting documentation does not replace documentation showing actual staff time spent implementing the program.;
Direct costs	Consultant fees	Consultant contracts and invoices
Direct costs	Printing and mailing	Receipts and invoices.
Direct costs	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 Manual or local administrative manual.
Indirect costs	Outreach	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 the Moyer Program. Including but not limited to: Solicitations and outreach materials indicating availability of grants.
Indirect costs	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.

2. Records Retention

Air districts will make available the above-described documentation 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.

3. Mitigation for Unallowable Costs

An air district that funds 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.

M. Accounting Principles

Air districts must establish accounting practices for Moyer Program funds consistent with the requirements below.

1. Moyer Funds Account

Moyer Program funds (Moyer funds) must be accounted for as separate funds within the air district's general ledger following generally accepted accounting principles (GAAP). An air district receiving a total allocation of one percent or more of Moyer Program funds must use a Special Revenue Fund for Moyer funds accounting. Other air districts may use a trust fund.

2. Timing of Recognition in Financial Statements

Moyer Program 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 \(GASB\) Statements 33 and 34](#).

3. Required Financial Statements

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

4. Balance Sheet:

- (1) Cash and Cash Equivalents (cash, investment pools, petty cash)
- (2) Moyer Program Fund 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 Moyer Program projects)
- (6) Fund Balance
 - (a) Restricted for air district projects
 - (b) Restricted for State Reserve, Multi-District, RAP projects

(c) Restricted for administration and operating costs

5. Statement of Revenues, Expenditures, and Changes in Fund Balance:

(1) Revenue Subsidiary Ledgers

(a) Regular Moyer Funds Project Revenue

(b) State Reserve and Multi-District Project Revenue

(c) RAP Project Revenue

(d) Administration and Operating Revenue

(e) Recapture Revenue

(f) Salvage Revenue

(g) Interest Revenue

(2) Expenditure Subsidiary Ledgers:

(a) Project Expenditures (from regular Moyer Program grant, recapture, salvage, interest)

(b) State Reserve and Multi-District Project Expenditures

(c) RAP Project Expenditures

(d) Administration and Operating Expenditures including direct costs and indirect costs

(3) Awards Returned: Moyer Program air district money returned to CARB for reallocation

(4) Transfers In/Out

6. Interest Revenue

Any interest earned on investment of Moyer fund cash balances must be deposited in the Moyer funds account and used to fund Moyer-eligible projects, or to fund administration up to the portion provided for in H&SC Section 44299.1(c)-(d), or be remitted to CARB.

(A) An air district electing not to invest Moyer Program fund cash balances but investing other cash balances should deposit the Moyer Program funds in a separate checking account to clearly indicate that no such moneys were invested.

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

7. Recapture and Salvage Revenue

Revenues earned or collected by the air district through Moyer Program resources, including revenues obtained through salvage and sale of scrapped equipment, must be reported and either retained as a supplemental source of funds for Moyer projects or forwarded to CARB for deposit to the Air Pollution Control Fund. If recaptured funds or salvage revenues are invested, such revenues must meet the requirements of Section M.4.(B) above. Air districts are not required to earn funds through program actions, or expected to base business decisions on their ability to generate returns or collect funds through program activity.

8. Expenditures for Moyer Program Projects

All project expenditures out of the Moyer funds account must meet the Moyer Program Guidelines current at the time of contract execution, including any revisions to those Guidelines in effect at the time of contract execution.

9. Reporting Requirements

No later than six months after the air district fiscal year end, the district will append to its Yearly Report a balance sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance, in formats consistent with GAAP.

10. 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.

N. Co-funding With Other Funding Sources

1. Purpose

Senate Bill 513 (Beall, 2015) provided opportunities to co-fund Moyer Program projects with other funding sources. These Guidelines specify requirements that apply when multiple funding sources are proposed to support a Moyer Program eligible project. All co-funded projects must adhere to the Moyer Program objective to achieve cost-effective and surplus emission reductions to be credited toward California's legally enforceable obligations in the SIP (H&SC Section 44286(g)). 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 on eligibility co-funding sources visit the [Carl Moyer Program Co-funding](#) webpage.

2. Designation of Non-Moyer Funds

Funds other than Moyer Program grant funds may be used to co-fund Moyer Program 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 Section III. Definitions of this chapter and Appendix B of the 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 Moyer project if an air district submits a request for a case-by-case determination in accordance with Section W and receives CARB approval.

4. Cost-effectiveness Calculation

The non-Moyer funds described above are not required to be included in Moyer project cost-effectiveness calculations (H&SC Section 44287.2(a)). Match funds and all AB 923 \$2 MV Fees are required to be included in project cost-effectiveness calculations.

5. Applicant Cost Share

An applicant that is not a public entity must provide at least 15 percent of a project's Moyer eligible cost from non-public sources. The applicant cost share cannot be covered through in-kind contributions. An air district may request a case-by-case determination from CARB to waive all or part of an applicant's cost share, in accordance with Section W. 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, combination 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, minority group.

6. Applicant Disclosure and Payment

The sum of project funding from all sources may not exceed the total project cost (H&SC Section 44287.2(b)). Applicants must disclose all sources of funding applied for at the time of the Moyer project application, and again when submitting each invoice to the air district, prior to payment of Moyer Program grant funds (H&SC Section 44283(g)). An air district may not issue payment of Moyer Program grant funds until all funding sources have been identified and verified and the air district can ensure that the sum of the grants awarded to the

project, including both Moyer and non-Moyer funds, does not exceed the total project cost.

7. Emission Reductions

All covered emission reductions achieved from a project will be credited to the Moyer Program, unless otherwise stated in these guidelines or on the Carl Moyer Co-Funding website. Other emission reductions, such as greenhouse gases, may be claimed by other programs that co-fund a project.

8. Reporting of Project Data

For co-funded projects an air district will report in CARL information consistent with the reporting requirements of Section O, and other co-funding sources and funding amounts. When reporting project funding sources to CARL, air districts will use a dropdown menu(s) and other prompts to report the needed project funding information, including but not limited to categorize co-funding sources listed 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."

O. Yearly Report

1. Reporting Requirement

Each year by June 30, CARB will prepare and make available to air districts a certification form with instructions for completion of the Yearly Report. Air districts will complete, certify and submit the Yearly Report by August 29. When August 29 falls on a weekend the Yearly Report will be due the following Monday. An air district that is not currently in possession of unliquidated funds, not under a current grant agreement, and has designated to another air district or the RAP for all grant funds for all years covered in the Yearly Report is not required to complete a report.

2. Reporting 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 emission reductions and cost-effectiveness for source categories where required. The air district will ensure the information in CARL is complete, correct, and supported by documentation. The air district will report on projects funded in whole or part with these funds:

- (A) Granted Moyer Program funds;
- (B) Match funds;

- (C) Interest and other non-grant revenues earned to support the Moyer Program;
- (D) Multi-district and State Reserve funds;
- (E) RAP funds;
- (F) Non-Moyer funds as specified in Section N;
- (G) AB 923 \$2 MV fees used for projects claimed for SIP credit;
- (H) Other funds that CARB oversees relative to the Moyer Program.

3. Report Content

The Yearly Report will include the following information as of June 30, the end of the past fiscal year:

- (A) Output generated by the Required Reports utility of CARL for the default years specified in the utility.
- (B) Contract execution and liquidation status of Moyer Program funds, including match funds, earned interest funds, multi-district and State Reserve funds, RAP funds, and other funds for which the air district has a Moyer Program obligation during the fiscal years covered by the report. Funds will be reported relative to the progress milestones identified in Sections P and Q below.
- (C) A funding summary by project type of non-match projects funded with AB 923

\$2 MV fees when no SIP credit is claimed. Projects funded with AB 923 \$2 MV fee funds not used as match and not claimed for SIP credit need not be entered into CARL, but the air district will summarize in the Yearly Report the amounts of such funds expended for each of the project categories identified in Section J.1.

- (D) For the most recent fiscal year, additional funds available to the Moyer Program from the following sources. These funds will be included in the target for the funding year due for liquidation, unless the air district directs CARB staff to include them in an earlier year target. Note that funds from FY 2023-24 (Moyer Year 26) and prior have a four year liquidation deadline. Eight year liquidation applies to FY 2024-25 (Moyer Year 27) and all future years.
 - (1) The amount of any interest accrued on Moyer Program funds held in local accounts. An air district may choose to designate in the Yearly Report all or a portion of this interest for remittance to CARB.
 - (2) Funds recaptured from liquidated projects, including funds provided back to the air district following CARB enforcement actions, identified by project name and funding year.
 - (3) Non-grant revenue earned for the Moyer Program by the air district, such

as from the sale of scrapped engines or equipment.

(E) 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.

(F) The portion of match funds to be met through in-kind contributions, as provided in Section K.5.

4. Report Certification and Documentation

The air district APCO, Chief Financial Officer (CFO) or financial representative, and Moyer Program 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 Moyer Program 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 that has knowledge of the finances related to the Moyer Program funds. 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.

5. 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.

P. Progress Tracking

1. Progress Milestones

To support timely emission 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 3-6 below. After execution of a grant agreement with CARB for Moyer Program funds, air districts will make every effort to have 50 percent of the project funds awarded under executed contract by June 30 of the next calendar year, and 100 percent of the project funds under executed contract by June 30 of the second calendar year after the agreement. Air districts will also make every effort to have 50 percent of project funds liquidated within two years, and 75 percent of project funds liquidated within three years. Similar progress milestones apply to any match funds associated with granted project funds. Progress will be reported in Yearly Reports. Table 3-6 shows an example of progress milestones for the 2025 Yearly Report and Moyer funds with a four year liquidation.

While Table 3-7 shows an example of progress milestones for 2033 Yearly Reporting and future years with eight year liquidation.

Table 3-6
Example Progress Milestones: 2025 Yearly Report

Timeline	Fiscal Year	Moyer Funding Year	Milestone
1 year	2023-24	26	50% of project funds under executed contract
2 years	2022-23	25	100% of projects funds under executed contract ⁽¹⁾
2 years	2022-23	25	50% of project funds liquidated
3 years	2021-22	24	75% of project funds liquidated
4 years	2020-21	23	100% of grant funds liquidated (Section Q)

Table 3-7
Example Progress Milestones: 2033 Yearly Report

Timeline	Fiscal Year	Moyer Funding Year	Milestone
1 year	2031-32	34	25% of project funds under executed contract
2 years	2030-31	33	50% of projects funds under executed contract
3 years	2029-30	32	25% of project funds liquidated
3 years	2029-30	32	75% of projects funds under executed contract
4 years	2028-29	31	50% of project funds liquidated
4 years	2028-29	31	100% of projects funds under executed contract. ⁽¹⁾
5 year	2027-28	30	65% of project funds liquidated
6 years	2026-27	29	75% of project funds liquidated
7years	2025-26	28	85% of project funds liquidated
8 years	2024-25	27	100% of grant funds liquidated (Section Q)

(1) Air districts with less than 100% of projects funds under executed contract should meet with their air district liaison on next steps to ensure funds meet liquidation requirement, including redirecting funds not under executed contract to another air district.

2. Cumulative Tracking

CARB will provide tools in CARL to track air district progress toward milestones. Except in the case of the funds liquidation deadline year, districts may track progress on a cumulative basis. In the table above, for example, an air district demonstrating the portion of Moyer funding year 24 (fiscal year 2021-2022) project funds liquidated would count any funds liquidated from Moyer funding years 25 (fiscal year 2022- 2023) to 27 (fiscal year 2024-2025).

3. Funding Targets

To assist cumulative tracking and reporting, CARB will maintain in CARL appropriate progress tracking targets for each funding year. These funding targets will include the total funds required to meet contract execution and liquidation progress milestones. 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, RAP grants, adjustments for in-kind match, reported recaptured project funds, and other changes agreed to in consultation with districts.

4. Execution Progress for Vouchers

For Moyer voucher programs, the voucher issue date is used in lieu of executed contract date to gauge progress in contract execution.

5. Cancelled Contracts

Any funds associated with an engine, vehicle, or equipment cancelled from a contract prior to the liquidation of the contract as a whole will no longer be considered executed beginning at the time of the cancellation.

6. 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 at least one-half of funds are under contract after two years, and one-half of funds liquidated after three years, the district will append to the Yearly Report a progress statement. The statement will address the reasons for delays in executing contracts or completing payment for projects, and the schedule for follow-up actions. Such actions may include:

- (1) Specific steps to improve progress or
- (2) Redirection of funds to air districts better equipped to meet statutory liquidation deadlines.

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

Q. Funding Year Liquidation

1. Liquidation Requirement

By June 30 of each year, air districts must have liquidated all Moyer Program funds associated with the funding year as outline in Liquidation and Return of Funds Section in the air district's Moyer Grant Agreement, as well as interest, recaptured funds, and other funds added to the funding target for that year. For example, funds awarded for Moyer Year 25 (fiscal year 2022-2023) must be fully liquidated by June 30, 2027, while a funds awarded for Moyer Year 27 (fiscal year 2024-2025) must be fully liquidated by June 30, 2033.

Before submitting the Yearly Report an air district may attempt to resolve an apparent liquidation shortfall by reassigning expended project funds from later funding years in the CARL database. For example, a project assigned to Moyer Year 25 (fiscal year 2022-2023) project funds will not be delivered in time by June 30, 2027, due to delivery delay, but the project in Moyer Year 26 (fiscal year 2023-2024) of equal or greater amount has already been liquidated and expended by the June 30th deadline. The air district could shift the project funds assignments between these projects resolving the shortfall.

2. Match Liquidation

Match funds must be liquidated by the same liquidation deadline as the Moyer Program funds with which they are associated regardless of the date such funds were collected by the air district. For example, match funds associated with Moyer Year 25 (fiscal year 2022-2023) must be fully liquidated by June 30, 2027 and those associated with Moyer Year 27 (fiscal year 2024-2025) must be fully liquidated by June 30, 2033

3. Liquidation Terms

Air districts are advised of the distinction between project liquidation used for cumulative progress tracking in Section P and funding year liquidation as required in this section. Project liquidation is demonstrated when all funded equipment in a project are paid-in-full and post-inspected; liquidated projects are credited in cumulative progress tracking. Funding year liquidation is demonstrated when all funds assigned to a funding year have been paid out in full, with the exception of any withheld payments. Liquidated projects are credited in cumulative progress tracking.

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

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. The freeze will occur approximately two months following the submittal of the Yearly Certification Report.

Projects associated with frozen, liquidated funding years may not be revised 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 Manual. 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.

R. Return and Reallocation of Funds

1. Return of Unliquidated Funds

An air district will attempt to redirect unliquidated funds to another air district(s) better equipped to meet statutory liquidation deadlines rather than return funds to CARB (Section G). However, if the Yearly Report identifies a liquidation shortfall that cannot be resolved through redirection or reassignment of liquidated funds from more recent years, and the remaining unliquidated funds are not under executed contract, the air district will work with CARB staff liaison to redirect to another. If redirection is not feasible 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. CARB must receive a check for the shortfall amount by September 28 (i.e., 90 days after the June 30 liquidation deadline and 30 days after the Yearly Report deadline).

2. Return of Other Funds

An air district choosing to remit to CARB all or a portion of earned interest, or to return other funds following consultation with CARB, may do so following instructions in the Yearly Report certification form.

3. Reallocation

CARB will add funds returned by air districts to the subsequent cycle of Moyer Program funding, following the allocation requirements of Health and Safety Code Section 44299.2, unless it is determine that this is not feasible.

S. Program Nonperformance

1. Monitoring Nonperformance

As directed by Health and Safety Code Section 44291(d), 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 Yearly Reports (see Section O.), Incentive Program Review (see Section T.1.(A)), Desk Reviews (see Section T.1.(B)), 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 return unliquidated funds within 90 days of the liquidation

deadline (H&SC Section 44287(j));

- (B) Misuse of Moyer Program funds, including funding of ineligible projects;
- (C) Insufficient or improper program oversight and enforcement, including widespread deficiencies in project contracting, inspections, reviews or audits;
- (D) Insufficient, incomplete, or inaccurate project documentation;
- (E) Failure to submit timely and accurate reports to CARB;
- (F) Other noncompliance with program guidelines or statute.

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 subject them to three nonperformance notifications. Failure to respond to the notice, meet with CARB management as requested in the notice, or take prompt action to address the unresolved issues after the meeting may trigger the next notice and may ultimately result in CARB requiring the district redirect funds to another air district or return allocated Moyer funding.

The three notices of nonperformance are described below:

(A) **First Notice:** The first notice of 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, Health and Safety Code 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 first 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 air district management within 10 business days;

Failing to respond to the notice, meeting request, or comply with the plan and timeline will trigger the next notice.

(B) **Second Notice:** The second notice of nonperformance will include:

- (1) The date of the initial notice, 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 the funds to another air district.

This 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 notice, meeting request, or comply with the plan and timeline may trigger the next notice.

(C) **Third Notice:** A third and final notice of nonperformance will include:

- (1) The dates of the previously issued notices, along with a description of the previously described unresolved issue(s) and actions warranting a third notice;
- (2) Notification that CARB has began the official process to redirect funds to another air district or return Moyer funding not yet awarded to approved projects from the air district, as described in Section S.3.

3. Returning Funds to CARB

Lacking satisfactory resolution of the issues that have resulted in the nonperformance notification, may warrant the CARB Executive Officer to require the 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 district APCO. The letter will set a public meeting to be held at the air district's offices (or other appropriate facility within the air district). The purpose of the meeting will be to consider public comments prior to returning any funds (H&SC Section 44291(e)).

Further disciplinary action may also be discussed, including the redirecting of Moyer funds or having the air district returning the Moyer funds to CARB.

T. Incentive Program Review and Desk Reviews

1. Purpose

CARB conducts Incentive Program Reviews and Desk Reviews to help ensure that air district programs achieve expected emission reductions and are implemented in a manner consistent with these Guidelines and State law (H&SC Section 44291, 39500). CARB Incentive Program Reviews and Desk 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 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. Below is an overview of Incentive Program Reviews and Desk Reviews:

- (A) **Incentive 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 Incentive Program Review based on identified need or with consideration of State incentive program(s) funding amount(s). CARB uses a risk-based approach to select specific air district State incentive programs and projects to review, with the review typically covering a period of up to five or more fiscal years. When appropriate, other air district implemented CARB incentive programs will be selected at the same time as the Moyer Program to be part of the Incentive Program Review.
- (2) Most reviews of grantee incentive programs are conducted in two parts: a program review, and a financial compliance audit or fiscal review. The separate fiscal audit may be carried 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 Incentive 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 Moyer Program website.
- (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 Incentive Program Reviews, and may either coincide with a scheduled in-person visit by the air district's liaison or may be requested by the air district.
- (1) Desk Reviews do not occur the same year or take the place of an Incentive Program Review, but may be used to prepare an air district for an Incentive Program Review. Desk reviews do not result in a publicly posted report.

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

of 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.

3. \$2 MV Fee Project Evaluation

AB 923 \$2 MV Fee projects are subject to Incentive Program Review or evaluation as follows:

- (A) A Moyer Program match project funded with the AB 923 \$2 MV Fees will be subject to the same review and oversight requirements and protocols as other Moyer Program match projects.
- (B) A non-match project funded with the AB 923 \$2 MV Fee may be evaluated by CARB in conjunction with an Incentive Program Review. Evaluation of these projects will be limited to project eligibility. Any irregularities regarding non-match AB 923 \$2 MV Fee project eligibility will be reported separately from other Incentive Program Review findings.

U. Requirements for Project Applications

1. Data Required for CARL

Project applications must include the information needed for calculation of project cost-effectiveness in the CARL database.

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 X.6.(B).2 and must be included in contract.

This information will be used to evaluate project cost-effectiveness and the maximum grant award amount.

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 N.6. of this chapter, specifying whether the applicant has submitted an application 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 these Guidelines 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.

V. 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 (H&SC Section 44288(a)). The air district must make every effort to clearly state to the applicant what is required to make the application complete. The application and all correspondence with the applicant should be kept 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, and in compliance with the Moyer Program and its objectives.

3. Eligibility

Air districts must ensure that the emission reductions provided by selected projects are eligible and surplus to adopted regulations and other legal requirements. This should include checking to ensure 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 on-road projects;
- (E) Other documentation identified in the source category chapter.

4. Application Tracking

Air districts must have a system for tracking applications. CARL 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 will track the information needed to populate required CARL data fields. A tracking system is not required for air districts receiving under one-half percent of the current fiscal year total Moyer Program Funds, or \$450,000, whichever is less.

5. Project Selection

After reviewing applications for project eligibility, the air district must follow its Policies and Procedures Manual in selecting projects to fund. Projects approved for funding must meet all applicable requirements of these guidelines.

6. Communities with Most Significant Exposure

Air districts with a population of one million or more residents must select projects from their applicant pools in a way that ensures that 50 percent or more of their Moyer Program funds are expended to reduce air pollution in communities with the most significant exposure to air pollution, including communities of minority and low-income populations (H&SC Section 43023.5). Air district must meet this requirement by the liquidation deadline for each fiscal year tracked. For example, project funds associated with Moyer Year 25 (fiscal year 2022-2023) must show that 50 percent of the project funds liquidated by June 30, 2027, were awarded to projects that reduce air pollution in communities with the most significant exposure to air pollution, including communities of minority and low-income populations.

7. Project Evaluation

An air district must evaluate projects to ensure each project selected for funding meets the emission reduction and cost-effectiveness requirements of the Moyer Program as applicable. Projects may not be funded when CARL indicates these requirements are not met. In such cases, an air district representative believing a

project should qualify may contact his or her CARB liaison to further evaluate project eligibility.

8. 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 M.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 be kept a minimum of two years following the solicitation period, or two years from receipt if there is not a specified solicitation period.

9. Subsequent Application and Double-Counting

Moyer Program participants that received funding and are still under contract may not apply for funding for the same project from the Moyer Program (including a Voucher Incentive Program), from the Proposition 1B Goods Movement Emission Reduction Program, or any other program.

- (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 Moyer Program 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 of any subsequent project for the Moyer Program (including a Voucher Incentive Program) or the Proposition 1B Goods Movement Emission Reduction Program.

10. Option to Allow Lease-to-Own Financing for Zero-Emission Technology

At the air district's discretion, the applicant may consider obtaining lease-to-own financing to assist in the purchase of the zero-emission technology projects, see Sections X.9. and BB.8. for additional guidance. Project funds shall only be used to offset the costs of the zero-emission equipment or vehicle and shall reduce the principle owed by the lessee for purchasing. The lease-to-own contract may not extend beyond the life of the project. The applicant must be the legal owner of the baseline vehicle or equipment at the time of application, and disclose the terms of the lease agreement or provide a sample lease agreement outlining the terms and conditions with their application, including but not limited to:

- (A) Cost of the zero-emission technology equipment or vehicle (total cost lessor paid for the vehicle less the amount of the grant).

- (B) Amount due at lease signing with an itemization of the charges.
- (C) Interest rate, monthly payment, and number of payments.
- (D) A schedule of potential late fees, penalties, mileage/usage charges, or other items that can be charged to the lessee.
- (E) Residual or buyout amount the lessee will be required to pay at the end of the lease term in order to take ownership of the equipment or vehicle.
- (F) Total cost to lessee to take ownership at the end of the lease (total of fees, charges, monthly payments, and residual or buyout amount).
- (G) Other operational requirements of outline in this chapter and/or the source category chapter pertaining to the equipment or vehicle. In a case where the source category conflicts with this chapter, the source category allowance takes precedence.

W. Case-by-Case Determination Process

1. Limitations

CARB Moyer Program staff may approve on a case-by-case basis a project that varies from specific requirements of these Guidelines only if such approval will not adversely affect achievement of surplus, quantifiable, enforceable and permanent emission reductions. Case-by-case approvals also may not result in an exceedance of the applicable cost-effectiveness limit, or reduce program transparency, or cause a violation of law or regulation. Air district are required to request a case-by-case determination even if they believe a project is similar to previously approved case-by- case projects.

2. Procedure

An air district may request CARB review of the project for a case-by-case determination using the procedure below. After receipt of all information needed, CARB will respond to the air district within 15 business days with a determination or estimated date of determination. In a case where the source category allowance conflicts with this chapter, the source category allowance takes precedence.

- (A) Demonstrating a Case-by-Case: Air districts interested in pursuing a case-by- case determination should reach out to their air district liaison and inquire about specific information and documentation needed to process it. Below is a generalized list of the information and documentation that the air district may be requested to submit to the Moyer Program air district liaison and/or source category lead:
 - (1) A summary of the request, with reference(s) to the pertinent area(s) of the Guidelines for which the air district is asking for additional guidance and approval;
 - (2) Documents providing information essential to the determination,

including but not limited to:

- (a) Baseline and new engine information;
 - (b) Associated CARB engine Executive Orders and/or U.S. EPA Certificates of Conformity for baseline and new engines;
 - (c) Compliance checks;
 - (d) References to case-by-case approvals that show precedence of the request;
 - (e) Other relevant applicant information from a completed application;
- (3) Other information and documents as requested by Moyer Program staff.
- (B) Determinations: CARB 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 / Case-by-Case Approval Not Required: CARB evaluation concludes that a case-by-case determination is not required as the request already conforms to the requirements or intent of the Guidelines.
 - (4) IPI “Blanket” Approval: When project criteria that had previously required case-by-case no longer requires case-by-case because an IPI is issued, any project proposed after the IPI was issued, no longer requires a case-by-case evaluation.

3. Public Availability and Recordkeeping

CARB will post on the Moyer Program website all case-by-case determinations submitted for review. Air district will keep a copy of the determination, either approved or not approved, in the project file or electronic files.

4. After Contract Execution

Air districts should always attempt to request a case-by-case determination prior to contract execution. CARB will consider requests for case-by-case determination subsequent to contract execution only when an unforeseen event leads to a project or program element that varies from the requirements of these Guidelines.

X. Minimum Contract Requirements

1. General Requirements

Except as specified for on-road and off-road voucher incentive programs, air districts participating in the Moyer Program must execute contracts with prospective grantees who will receive funds under the Moyer Program. All Moyer Program project contracts must include the elements described in this section.

Projects funded by the Moyer Program 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 or electronic 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. In any case where digital signature is used in lieu of original signature, the digital signature must comply with California Government Code Section 16.5 and Title 2, California Code of Regulations, Sections 22000 - 22005.

3. Notices

All contracts must include contact information for both parties to 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 (H&SC Section 44283(g)).
- (B) Grantees that co-fund a project must meet all criteria associated with each funding source used to fund the project (H&SC Section 44287(a)).
- (C) A grantee that is not a public entity must provide at least 15 percent of a project's Moyer eligible costs from non-public sources (see Section N). The contract must prohibit the grantee from receiving grants and other funds that exceed the total project cost.
- (D) A grantee may receive Moyer Program funding 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 Moyer Program- funded project.

- (A) **Project Completion:** Project completion is the time frame 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 time frame from the original date of contract execution in which project contracted funds are expended. The contract's completion date may be amended for no more than two years beyond the contract's original project completion end date and the air district must describe why the extension was required.

- (B) **Project Implementation:** The project implementation time frame 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 Moyer Program 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, equipment, and/or engines that were used in the project cost-effectiveness calculation. This requirement may be met by including the project application as an attachment to the contract if the application is accurate and complete.

- (A) Replacement Substitute: A program-eligible replacement vehicle, 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 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 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 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 Manual 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 Manual can be evaluated and approved by CARB on a case-by-case basis.
- (C) Statement of Compliance and/or Certification: Contracts must also contain a statement that the project complies with the Moyer Program Guidelines and that the grantee will meet the following requirements:

- (1) Certify that the grantee's fleet, engine(s), or equipment/vehicle 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.
- (D) Additional Specifications: Contracts must specify the following:
- (1) Projects funded by the Moyer Program must be included when defining the size of the fleet for determining regulatory requirements.
 - (2) Throughout the contract term, projects funded by the Moyer Program 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. The grantee, with the exception of lawn and garden equipment merchant agreement and certain infrastructure agreements (H&SC Section 44283(a)), must maintain a working hour meter for projects that use hours of operation as a means of calculating emission 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 Moyer Program 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, nor may the maximum contract amount exceed the project incremental cost. The maximum contract amount must also comply with any funding caps and other criteria for the specific project category as identified in these Guidelines.

- (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 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 BB to be eligible for Moyer Program funding.

9. Lease-to-Own Financing for Zero-emission Technology (Optional)

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 sample lease agreement provided at application, be provide as part of invoicing and reimbursement/ payment of grant funds.

Refer to Section V.10. 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 the project is operational and the project emission reductions 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 the engine, vehicle or equipment and associated records, 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 operate the vehicle, 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 emission benefits are real, quantifiable, surplus, and enforceable.
- (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 emission reductions or underutilization as agreed to in the contract (H&SC Section 44291(c)).
- (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 Moyer Program 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 emission reductions are obtained.

Y. Project Inspections

1. Description

Project inspections may be conducted in person or remote, and must fulfill the requirements and documentation requirements outlined in Section Z. and AA. and in the source category chapters. For remote inspections the grantee, dealer, or equivalent live streams a video inspection to the air district to verify that the vehicle or equipment and engine or powertrain is operational, and then subsequently submits to the air district required photographs that accurately represents and authenticates 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 that it is performed for.

Z. 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 as described in Section Y.
- (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 conversion and expansion projects only, not new projects.
- (D) Air districts receiving less than one-half of one percent of the current fiscal year total Moyer Program Funds, or \$450,000, whichever is less, may reduce their required project pre-inspections to a minimum of 25 percent of the total number of projects associated with the current fiscal year funds. At least one project must be selected from each source category funded, however.

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 unique information is used to identify, establish eligibility, provide a basis for emission calculations, populate the CARL database, and ensure contract enforceability. Examples of these types of 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 without a visible and legible serial number must be uniquely identified by having the engine block stamped with a Moyer Program number or alternative permanent marking such as an engine tag or other unique identifier.
- (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 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 legible and clearly labeled to what was photographed. The photos must include the legible serial number of the

engine (if available) and/or any other identifying markings.

(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; and

(4) Location of the engine or equipment.

3. Compliance Certification

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

4. Recordkeeping

The air district must maintain an electronic or hard copy of the completed pre-inspection form in the air district's project file. Pre-inspection records associated with the project for at least three years after the end of the contract term.

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 Manual clearly specifies the process for conducting pre-inspections after contract execution and any additional procedures enacted to ensure the project achieves real, surplus, enforceable, and quantifiable emission reductions.

AA. Project Post-Inspection

1. Requirement

An air district must gather and document post-inspection information on all

projects funded under the Moyer Program. For post-inspection of infrastructure projects, see Chapter 10 for further guidance.

- (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, or equipment information from the post-inspection form.
- (B) When 20 or more vehicles are included in a vehicle replacement project for a public fleet or transit agency, the air district is not required to post-inspect each replacement vehicle but must inspect no fewer than five percent 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 emission 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 the 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 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; and
 - (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 recording of the serial number of the variable frequency device if the project includes one.

4. Verification of Destruction

The air district must verify that the baseline (old) engine and associated vehicle or equipment is destroyed and rendered permanently inoperable, irreparable and permanently removed from service, consistent with requirements in the source category chapters of these guidelines and with the air district Policies and Procedures Manual. In cases where only an engine repower was performed, only the (old) 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.
- (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 6 months for zero-emission technology, with reasonable justification. The project file must contain documentation showing reasonable justification for the delay.

Air district may also request for additional time beyond the six months timeframe on a case-by-case basis.

5. Consistency with Contract

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

BB. Project Invoice and Payment

1. Prior to Payment

Except as specified below, 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 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 N). Exceptions are limited to 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 air district Policies and Procedures. The air district must maintain a clear record of progress payments in the project file and in records of the district administration or fiscal unit. Progress payments include final payments that are withheld until all reporting requirements are met (also known as “withheld payments”).

2. Eligible Costs

Eligible Costs are project costs that qualify for reimbursement under the Moyer Program. Eligible costs are considered prior to the project’s cost-effectiveness limit or any funding cap restriction determination.

(A) 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 Chapter 4 On-Road Heavy-Duty Vehicles). For labor expenses paid, the invoice must detail the number of hours charged and the hourly wage.

(B) 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 ZE 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 specification of eligible costs for a source category see the source category chapter.

3. Ineligible Costs

Costs associated with a project that are not eligible for funding under the Moyer Program guidelines. For example, ineligible repower costs include tires, axles, paint, brakes, and mufflers. See source category chapters for additional specification of ineligible costs.

4. 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.

5. 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) on-site at the air district office and have them readily available. 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.

6. On-Road Compliance Checks

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

7. Regulatory Compliance

Where a contract requires a grantee to demonstrate that specific regulatory compliance requirements have been met in order to receive funding (such as engines subject to the Portable Equipment Airborne Toxic Control Measure), 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.

8. 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 the other items outline in Section V.10.

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

9. 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.

10. 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 guidance regarding an air district's tax obligations.

CC. Air District Grantee Annual Reporting

1. Requirement

All air district grantees are required to submit annual reports, either in an 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 usage device (e.g., hour meter, odometer, or electronic monitoring unit).
- (E) Description of reason(s) for not meeting usage requirements. The air district grantee must describe any conditions (e.g. weather, permits, or major maintenance) that likely affected project usage when:
 - (1) The project usage is below the usage requirement in the contract, or
 - (2) Usage is not required to be specified in the contract (as allowed per Section X.6.(B)(1)), and is more than 30 percent below what was identified in the project application.

In instances where annual usage is significantly lower than the contracted level due to unforeseen circumstances beyond the control of the air district grantee, the air district grantee may request a waiver from the air district per Section EE.2.(D).

3. Air District Review

The air district will review the electronic or hard copy 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 Manual.

4. 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 DD below.

5. Subsequent Grants

Air district grantees that have not submitted complete required reports will not be granted funds for new Moyer Program projects until all reports are satisfactorily submitted.

DD. Air District Audit of Projects

1. Requirement

The air district will conduct audits of projects funded with Moyer Program funds. On an annual basis these audits will include five percent of active projects or 20 active projects (whichever is less), including any audits conducted following unsatisfactory annual reporting as described in Section CC.4.

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 emission 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, or hours of operation indicated in the executed contract. For a grantee that did not have a mileage, fuel usage, or hours of operation requirement in their executed contract, as allowed by Section X.6.(B)(1), the air district should refer to the application and the allowance given in Section CC.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

Audits of multiple equipment or engine projects of up to 25 pieces must include inspection of at least two pieces or equipment, and for projects of over 25 pieces must include inspection of at least five pieces.

EE. Nonperforming Projects

1. Requirement

The air district will work with nonperforming air district grantees and take appropriate action when needed to ensure Moyer Program project requirements are met and emission reductions are achieved, consistent with procedures outlined in the district Policies and Procedures Manual 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 below in Section EE. 2 to address the underutilization (H&SC Section 44291(c)). Exceptions to this requirement are projects in which usage is not required to be specified in the contract (as allowed per Section X.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 P&P must describe 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 percent 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, or equipment 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, but 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.
 - (d) Other circumstances that support the issuance of waiver.
 - (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 higher-polluting equipment is not consequently receiving more use.
 - (b) Waiver Approval: The waiver will be documented in writing, approved by the APCO or designee, and included in the project file.
 - (c) 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-project year life contract would still end 10 years from the time of first day of operation of the engine, powertrain, vehicle or equipment.
- (d) 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 Moyer 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 Moyer 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 the Moyer Year 26 (FY 2023 - 2024) funding year target, unless the air district indicates otherwise.

FF. 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 Air Pollution Control Fund (H&SC Section 44291(e)).

II. Acronyms

Acronym	Definition
AB	Assembly Bill
APCO	Air Pollution Control Officer
CARB	California Air Resources Board
CAPCOA	California Air Pollution Control Officers Association
CARL	Clean Air Reporting Log
CFO	Chief Financial Officer
CMP	Carl Moyer Memorial Air Quality Standards Attainment Program
DMV	Department of Motor Vehicles
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board

Acronym	Definition
H&SC	Health and Safety Code
IPI	Incentive Program Implementation
MOU	Memorandum of Understanding
MV Fee	Motor Vehicle Registration Fee
RAP	Rural District Assistance Program
SB	Senate Bill
SIP	State Implementation Plan
VIN	Vehicle Identification Number
ZE	Zero-Emission
ZEV	Zero-Emission Vehicle

III. Definitions

Administration Funds: State funds allocated to program support and outreach costs directly associated with implementing the Moyer Program.

Agricultural Assistance Program: A program established by Section 39011.5 of the Health and Safety Code (H&SC) providing funds for new purchase, retrofit, repower, or add-on for previously unregulated agricultural equipment.

Air District or District: An air pollution control district or an air quality management district.

Air Pollution Control Officer: The air pollution control officer, executive director, executive officer or designee as determined by each air district.

Applicant Cost Share (ACS): The 15 percent or more of Moyer Eligible Cost (MEC) that is paid by the applicant, except when waived for public entity applicants.

Baseline Technology: Engine technology applied under normal business practices, such as the existing engine in a vehicle or equipment for replacements, repowers, and retrofits.

CalEnviroScreen 4.0: Screening tool used to help identify communities disproportionately burdened by multiple sources of pollution and with characteristics that make them more sensitive to pollution. Includes identification of low-income households and low income communities.

Case-by-Case Determination: A process in which local air districts may request Moyer Program staff to review and approve a project that varies from the specific requirements of these Guidelines only if such approval will not adversely affect the achievement of real, surplus, quantifiable, enforceable and cost-effective emission reductions. See Chapter 3: Program Administration, Section W for additional information.

Certification: A finding by the California Air Resources Board (CARB) or the U.S. EPA that a mobile source or emissions control device has satisfied applicable criteria for specified

air contaminants.

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 Moyer Program.

Commitment: Under Chapter 5, a program milestone in which Moyer Program funds have been designated or applied towards an eligible project approved by the air district board, district air pollution control officer, or other delegated authority.

Competitive Bidding Process: The process by which an applicant competitively selects infrastructure projects using two or more bids, or the process by which an air district competitively selects infrastructure projects. The air district's process, including selection criteria, must be outlined in the air district solicitation, and approved by the air district Board.

Cost-Effectiveness: A measure of the dollars provided to a project for each ton of covered emission reduction (H&SC Section 44275(a)(4)).

Cost-Effectiveness Limit: The maximum amount of funds the Moyer Program will pay per weighted ton of emission reductions, using the methodology in Appendix C.

Covered Emissions: Emissions of oxides of nitrogen, particular matter, and reactive organic gases from any covered source.

Covered Source: On-road vehicles, off-road non-recreational equipment and vehicles, locomotives, marine vessels, agricultural sources of air pollution as defined in Section 39011.5 and as determined by the State Board, other categories necessary for the State and air districts to meet air quality goals (H&SC Section 44275(a)(7)).

Disadvantage Communities: Priority population communities designated by CalEnviroScreen 4.0 census tracts and land. (SB535, DeLeon Chapter 830; Statutes of 2012)

Engine Tier: Engine "tier" refers to the emissions certification level of an engine. The tiers highlighted below refer specifically to diesel engines.

Tier 1, 2, and 3 Engines: Engines that are subject to California Code of Regulations, title 13, Section 2423(b)(1)(A) and/or Code of Federal Regulations, title 40, part 89.112(a). This also includes engines certified under the averaging, banking, and trading program with respect to the Tier 1, 2, and 3 Family Emission Limits (FEL) listed in California Code of Regulations, title 13, Section 2423(b)(2)(A) and/or Code of Federal Regulations, title 40, part 89.112(d).

Tier 4 Engine: Engines that are subject to interim or final after-treatment based Tier 4 emission standards in California Code of Regulations, title 13, Section 2423(b)(1)(B) and/or Code of Federal Regulations, title 40, part 1039.101. This also includes engines certified under the averaging, banking, and trading program with respect to the Tier 4 FEL listed in California Code of Regulations, title 13, Section 2423(b)(2)(B) and/or Code of Federal Regulations, title 40, part 1039.101. For locomotives, the term refers to the Tier 4 (2015 engine model year) emission standards in the Code of Federal Regulations,

title 40, Part 1033.

Executed 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 engine, equipment, or vehicle project that will reduce covered emissions. An executed contract is a program milestone in which parties agree to meet the obligations within the contract by a specified date.

Expend: To make a full or partial payment of Moyer Program funds toward a project invoice for an eligible Moyer Program project.

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.

Fund: Means the Air Pollution Control Fund established pursuant to Section 43015. Section 43015 states the following:

- (A) The Air Pollution Control Fund is continued in existence in the State Treasury. Upon appropriation by the Legislature, the money in the fund shall be available to the state board to carry out its duties and functions.
- (B) Projects using grants, loans, vouchers, or other incentives funded in part or whole by the Air Pollution Control Fund shall be conditioned on the requirements of Chapter 3.6 (commencing with Section 39680) of Part 2, as applicable. The state board may include in an existing report its description of how projects funded by the Air Pollution Control Fund are implementing the labor standards described in Chapter 3.6 (commencing with Section 39680) of Part 2, as applicable.

Funding Amount: The amount of funds dedicated to a contracted project for reporting purposes in CARL; this value may never exceed the grant amount.

Funding Cap: The maximum dollar amount or maximum percentage of Moyer or State funds that may be expended on a project, as specified by source category and limited by variables that include the contribution of other incentive programs, rules, regulations, and incremental cost.

Funding Target: The total funds required to meet a program milestone such as funds executed or liquidated during a funding cycle, for purposes of cumulative tracking and reporting. Funding targets consider regular Moyer Program funds, State Reserve funds, Rural District Assistance Program funds, Moyer voucher program funds, required match funds, interest funds, reallocated funds, recaptured funds, interest and salvage revenues, and other funds associated with the Moyer Program.

Funding Year: The designation given to each year that air districts are awarded Moyer Program funds. Moyer Program grant awards were first made in fiscal year 1998 to 1999; therefore, that year is designated as Year 1; fiscal year 1999 to 2000 is Year 2, etc. Each

funding year is associated with set times for achieving program milestones such as contract execution, fund expenditure, and fund liquidation.

Funding Year Adjustment: An addition or subtraction to an air district's project and/or administrative fund amounts in one funding year to account for changes (e.g., recaptured funds, errors) in liquidated funds in an earlier funding year.

Grant Amount: Contracted amount of Moyer funds for a project, which may not exceed the maximum dollar amount or maximum percentage of eligible cost specified by source category and project type.

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. Incremental costs may include added lease, energy, or fuel costs pursuant to Health and Safety Code Section 44283 as well as incremental capital costs (H&SC Section 44275(a)(11)).

Interest Revenue: Interest generated from Moyer Program funds held by an air district in interest-bearing accounts. Interest earned on Moyer Program funds becomes Moyer Program funds.

Large Fleet: Under the In-Use Off-Road Diesel-Fueled Fleets Regulation, a fleet with total power of greater than 5,000 horsepower. Under the Large Spark Ignition Engine Fleet Requirements Regulation, an operator's aggregated operations in California of greater than 25 pieces of large spark-ignition equipment. For on-road vehicles large a fleet consists of more than 10 vehicles.

Lawn and Garden Equipment: Equipment used to maintain lawns and gardens. This equipment is generally, but not exclusively, powered by spark-ignition engines. This equipment is traditionally used in applications such as lawn mowers, edger's, trimmers, leaf blowers, and chainsaws. Equipment that does not fall into this category includes golf carts, specialty vehicles, generators, pumps, and other small utility equipment.

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 administration 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 (H&SC Section 44275(a)(12)). 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 Communities and Low-Income Households: Designated as priority populations. Census tract households that are either at or 80% percent of the statewide median income, or at or below the threshold designated as low-income by California Department of Housing and Community Development (CHDC) from AB 1550 (Gomez, Chapter 369, Statutes of 2016)

Match Funds: Funds under an air district's budget authority that will be applied towards eligible Moyer Program projects in accordance with the matching requirements of the program. See Health and Safety Code Section 44287(e) and 44287.2(c).

Maximum Dollar Amount: The maximum amount of funds that may be expended on a project as specified by source category and project type, often to reflect incremental cost.

Maximum Grant Amount: The maximum amount of money a grantee is eligible to receive for a cost-effective Moyer Program project. The maximum grant amount for a project is the lowest of the three following values: (a) the grant amount at the cost-effectiveness limit; (b) the maximum percentage of eligible cost; or (c) any maximum dollar amount specified in the relevant source category chapter.

Maximum Percentage: 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.

Medium Fleet: Under the In-Use Off-Road Diesel-Fueled Fleets Regulation, a fleet with total minimum power of greater than 2,500 horsepower and with a total maximum power less than or equal to 5,000 horsepower. Under the Large Spark Ignition Engine Fleet Requirements Regulation, an operator's aggregated operations in California of 4 to 25 pieces of large spark-ignition equipment.

Memorandum of Agreement (MOA) or 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.

Minority group: A community or group of people that experience difficulties accessing social and economic opportunities at a disproportional rate than other communities or group of people. These communities or groups of people can be made up of one or a combination of any ethnic, racial, social, religious or other backgrounds.

Mitigation Funds: Monies received for the compensation for the impacts to the environment from a proposed activity.

Moyer Eligible Cost: Costs associated with projects that are eligible for reimbursement under the Moyer Program, prior to considering the cost-effectiveness limit or any project funding cap restrictions. This includes the sum of Moyer Paid Cost and Remaining Eligible Cost.

Moyer Ineligible Cost: Costs associated with a project that are not eligible under the Moyer Program guidelines, but are eligible project costs under other funding sources.

Moyer Paid Cost: Project costs eligible under the Moyer Program, and are to be paid by the Moyer Program. These costs are used to determine project cost-effectiveness, except in the case of infrastructure projects.

Moyer Program Funds: State funds awarded by CARB to local air districts to implement the Moyer Program, including project and 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 Section 44287(e)); however, certain limitations apply (see H&SC Section 44287(j)).

Non-Moyer Funds: Project funds from sources other than the Moyer Program, Moyer match funds, and AB 923 \$2 MV fees.

Other Applied Funds: Funds that are not local, State, or federal that are used to co-fund a Moyer eligible project.

Operator: A person, corporation, public agency, or other entity that owns, operates or maintains a vehicle, equipment, or installation.

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.

Powertrain (a.k.a 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: Priority populations include disadvantaged communities, low-income communities, low-income households, and updates to the definition in accordance with the Funding Guidelines for Agencies that Administer California Climate Change Investments.

Program Milestone: A measure of progress toward meeting Moyer Program grant terms or statutory requirements. Examples are contract execution, liquidation and (in Chapter 5) commitment.

Project Life: The period for which the Moyer Program funds surplus emission reductions for a given project.

Project Funds: Moyer Program funds designated for eligible project costs to reduce covered emissions from covered sources.

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.

Public Fleets: Heavy-duty on-road diesel-fueled vehicles operated by a municipality. A municipality is a city, county, city and county, special district, or a public agency of the

State of California, and any department, division, public corporation, or public agency of this State, or two or more entities acting jointly, or the duly constituted body of an Indian reservation or Rancheria.

Public Funds: Funds provided toward project costs by local, State or federal public entities, including grants, rebates and vouchers.

Reallocation: A process for allocating mitigation funds and/or returned funds to eligible air districts. See Chapter 3, Section R for additional information.

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 that is used by the applicant to obtain surplus emission reductions.

Remaining Eligible Cost: Project costs that are eligible under the Moyer Program but are to be paid by other sources of funding. Remaining eligible costs exist when the Moyer Paid Cost and Applicant Cost Share provide less than 100 percent of the Moyer Eligible Cost.

Remote Inspection or Virtual Inspection: An inspection conducted not in-person where a grantee, dealer, or equivalent live streams a video inspection to the air district to verify that the vehicle/equipment and engine/powertrain is 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 live video streaming must be done through an application (i.e. ZOOM, Microsoft Team, etc.) which 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: Modifications 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 an CARB Incentive Program Review mitigation measure.

Rural District Assistance Program: An element of the Moyer Program in which air districts pool their project funds to streamline project outreach, solicitation, and review.

School Bus: Vehicles 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.

Small Business: The definition for small businesses is according to the Small Business

Administration and includes industry size, average number of employees within the last twelve months, organized for profit, identify annual number of receipts over time, has a physical location and operates within the United States. Independently owned and operated and is not dominant in its field on a national basis. Any individual chapter which provides a small business definition regarding its respective source category supersedes the definition identified here.

Small Fleet: In the on-road sector, a fleet size of three or fewer vehicles as defined in the California Code of Regulations, title 13, Section 2025(d)(31)(G). Under the In-Use Off-Road Diesel-Fueled Fleets Regulation, a fleet with a total maximum power of less than or equal to 2,500 horsepower that is owned by a business, non-profit organization, or local municipality; or a local municipality fleet in a low population county irrespective of total maximum power; or a non-profit training center irrespective of total maximum power. Under the Large Spark Ignition Engine Fleet Requirements Regulation, an operator's aggregated operations in California of 1 to 3 forklifts and/or 1 to 3 pieces of non-forklift equipment.

Smog Check: the motor vehicle inspection and maintenance program established by California Health and Safety Code Section 44000, et seq.

Spark Ignition: A gasoline-fueled engine or any other type of engine with a spark plug (or other sparking device) and with operating characteristics significantly similar to a combustion cycle.

State Funds: Funds provided by a State agency for the purpose of co-funding projects under the Moyer Program. 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 a state that demonstrates attainment or maintenance of an air quality standard through implementation of specified control measures.

Total Project Cost: The Moyer Eligible Cost and the Moyer Ineligible Cost for vehicles, equipment, engines, accessories, installation and infrastructure within a single Moyer Program project. An applicant may not accept grant funds from all sources that exceed 100 percent of total project cost excluding the Applicant Cost-Share.

Transit Agency: An entity (local, public, or private) responsible for administering and managing transit activities and services, including service vehicles, tow trucks, dial-a-ride buses, paratransit buses, charter buses, and commuter service buses operated during peak commute hours with ten or fewer stops per day.

Unique Identifier: A random series of characters, numbers or symbols that is guaranteed to be unique among all identifiers used for those objects and for a specific purpose, for example serial numbers.

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.

Violator: An individual, company, or entity responsible for a violation of an environmental law, regulation or rule.

Voucher Incentive Program (VIP): An air district incentive program using Moyer Program funds to provide a streamlined approach to replace or retrofit older, high-polluting heavy-duty vehicles or equipment with cleaner-than-required vehicles or equipment providing early or extra emission reductions. Funds for VIP projects are used to reduce some of the costs associated with replacing or retrofitting a vehicle.

IV. References

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[Health and Safety Code Sections 44220-44244.1; Chapter 7. District Fees to Implement the California Clean Air Act](https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=HSC&division=26.&title=&part=5.&chapter=7.&article=)

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[Senate Bill 1158 Air Pollution](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB1158): Carl Moyer Memorial Air Quality Standards Attainment Program: Liquidation Extension

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U.S. Department of Veterans Affairs, [Requesting Your Military Service Records](https://www.va.gov/records/get-military-service-records/) (Including DD214)
<https://www.va.gov/records/get-military-service-records/>