



Air Resources Board



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TO: All Interested Parties

SUBJECT: CARL MOYER PROGRAM ADVISORY 08-009
CLARIFICATIONS TO 2008 CARL MOYER PROGRAM GUIDELINES

On March 27, 2008, the Air Resources Board (ARB) approved revisions to the Carl Moyer Program Guidelines (Guidelines). ARB staff issued the approved 2008 Guidelines on April 21, 2008. The subsequent district training sessions on the 2008 Guidelines and new, streamlined Clean Air Reporting Log (CARL) database identified areas in which the intent was not clear. In order to provide clarification on these issues, this advisory provides ARB's staff interpretation of some provisions of the 2008 Guidelines to assist the districts with local implementation of the program.

Part I, Chapter Three: On-Road Heavy-Duty Vehicles

Is there an easier way to search for retrofits that are verified for a specific engine family?

ARB released a searchable database for verified diesel emission control strategies (DECS). The database is searchable by device name (DECS name), engine family name, or a less specific search by engine model year (MY), engine manufacturer, and displacement. The database currently includes California certified 1992 and newer on-road engines, and 1996 and newer off-road engines. Additional model years will continue to be added. The database will be updated on a regular basis, and any corrections will be made as necessary.

The database can be accessed at the following site -
<http://arb.ca.gov/diesel/verde/vdb/disclaimer.php>

Do projects using fuel usage instead of mileage require case-by-case approval?

Fuel based analyses are appropriate for projects that involve extended idling, such as street sweepers and refuse haulers. If the project is at least 30 percent more cost effective with 2 years of fuel usage records compared to annual mileage records, then case-by-case approval is not required.

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

Clarifications in Chapter Three

Page III-6. III. Emission Standards. Table 3-3

The table shows Oxides of Nitrogen (NO_x) and Particulate Matter (PM) emission standards in gram per brake horsepower-hour (g/bhp-hr) for 2007 and 2010 model years. The significant digits for the emission standards for NO_x have been updated to be consistent with the standards in the regulation. Therefore, the table is revised as follows:

**Table 3-3
Emission Standards for Heavy-Duty Diesel Engines
(g/bhp-hr)**

Model Year	NO_x	PM
2007	1.20 ¹	0.01
2010	0.20	0.01

¹ Between 2007-2009, U.S. EPA requires 50 percent of heavy-duty diesel engine family certifications to meet the 0.20 g/bhp-hr NO_x standard. Averaging is allowed, and it is expected that most engines will conform to the fleet NO_x average of approximately 1.20 g-bhp/hr.

Page III-8. IV(b). Compliance Check.

The compliance check requirements in Chapter 4 (Fleet Modernization), are located in Section IV(i) on Page IV-13 (not in Section I as stated).

Page III-9. IV(e)(2). Retrofit.

This section requires case-by-case approval for all on-road retrofits after December 31, 2008. As long as a retrofit device is compliant with the 2009 Nitrogen Dioxide (NO₂) requirements and surplus to adopted regulations, a case-by-case approval is not required. Retrofit devices that are NO₂ compliant are identified with a Plus (+) designation on ARB's verification webpage:

<http://www.arb.ca.gov/diesel/verdev/vt/cvt.htm> .

Page III-13. IV(l)(5). Transit Vehicles.

This section discusses Federal Transit Administration (FTA) grants of 80 percent for new urban bus purchases. FTA grants may also apply to repowers.

Part I, Chapter Four: On-Road Heavy-Duty Fleet Modernization

Clarifications in Chapter Four

Page IV-2. III. Regulatory Background. Table 4-1.

The table shows NOx and PM emission standards for 2007 and 2010 model years. The significant digits for the emission standards for NOx have been updated to be consistent with the standards in the regulation. Therefore, the table is revised as follows:

**Table 4-1
Emission Standards for Heavy-Duty Diesel Engines
(g/bhp-hr)**

Model Year	NOx	PM
2007	1.20 ¹	0.01
2010	0.20	0.01

¹ Between 2007-2009, U.S. EPA requires 50 percent of heavy-duty diesel engine family certifications to meet the 0.20 g/bhp-hr NOx standard. Averaging is allowed, and it is expected that most engines will conform to the fleet NOx average of approximately 1.20 g-bhp/hr.

Page IV-3. IV(a)(6). General Criteria.

This section describes the general effect of the Truck and Bus Regulation (private fleet rule) on Carl Moyer funding opportunities. It also requires case-by-case approval for fleet modernization projects once the Regulation is adopted. The Board adopted the regulation on December 12, 2008. Rather than require case-by-case approval for all fleet modernization projects, ARB staff will provide guidance on surplus project criteria in an upcoming advisory. Projects that are consistent with that guidance will not require case-by-case approval. The anticipated future funding criteria are shown on page 236 of ARB's "Technical Support Document: Proposed Regulation for In-Use On-Road Diesel Vehicles." (October, 2008)

The Technical Support Document can be accessed at the following site -
<http://www.arb.ca.gov/regact/2008/truckbus08/truckbus08.htm>

Page IV-7. IV(d)(2). Replacement Vehicle Requirements.

This section requires that replacement vehicle engines are certified to a "NOx or NOx plus Non-Methane Hydrocarbons (NMHC) Family Emission Limit (FEL) level of

1.2 g/bhp-hr or lower”.¹ Eligibility should be based on the NO_x FEL level, not the NO_x+NMHC level. Therefore, the section is revised as follows:

(2) Replacement vehicles (2007 model year and later) with engines certified to a PM emission standard of 0.01 g/bhp-hr and a NO_x FEL level of 1.20 g/bhp-hr or lower are eligible for funding. For emission calculation purposes, use the emission factors for 2007 MY and later vehicles shown in Appendix B, Table B-5.

Page IV-7. IV(d)(9). Replacement Vehicle Requirements.

This section describes eligible medium heavy-duty vehicles (MHD) as 19,501-33,000 pounds (lbs). This is incorrect. The weight rating of eligible MHD vehicles is 14,001-33,000 lbs.

Page IV-9. IV(f)(4). Determining Awards

This section describes the maximum reimbursement percentages. In part (a), the 80 percent maximum applies to both the used truck value and the invoiced price of a new truck for fleets of 5 or less.

Page IV-13. IV(i) Compliance Checks

This section describes the process for requesting compliance checks and resolving violations. If the compliance check identifies outstanding violations for any vehicle in the applicant’s fleet, whether or not the vehicle is part of the project, then each and every violation must be corrected before a disbursement may be made.

Page IV-15. IV(j)(5). Salvage Requirements.

This section requires the salvage yard operator to use the Department of Motor Vehicles (DMV) form REG-488c, an “Application for Salvage Certification or Non-Repairable Vehicle Certification”. Form REG-42 “Notice to Dismantler” may also be used.

Part I, Chapter Five: Off-Road Compression-Ignition Equipment

Clarifications in Chapter Five

Page V-4. III. Regulatory Background. Table 5-3.

The table shows NO_x or NO_x+NMHC, Hydrocarbons (HC), Carbon Monoxide (CO) and PM emission standards for new off-road diesel engines ≥ 25 Horsepower (hp). The emission standards for PM in Table 5-3 should be rounded to the hundredth digit to be consistent with the standards set forth in the regulation. Therefore, the table is revised as follows (Please note that the footnotes to the table, specified in the chapter, still apply):

**Table 5-3
ARB and U.S. EPA Exhaust Emission Standards for
New Off-Road Diesel Engines \geq 25 hp
(g/bhp-hr)**

Maximum Rated Power (hp)	Tier	Model Year	NOx	HC	NOx+NMHC	CO	PM
25=<50	Tier 1	1999-2003 ^(a)	—	—	7.1	4.1	0.60
	Tier 2	2004-2007	—	—	5.6	4.1	0.45
	Tier 4 Interim	2008-2012	—	—	5.6	4.1	0.22
	Tier 4	2013 and later	—	—	3.5	4.1	0.02
50=<75	Tier 1	1998-2003 ^(a)	6.9	—	—	—	—
	Tier 2	2004-2007	—	—	5.6	3.7	0.30
	Tier 3 ^(b)	2008-2011	—	—	3.5	3.7	0.30
	Tier 4 Interim	2008-2012	—	—	3.5	3.7	0.22
	Tier 4	2013 and later	—	—	3.5	3.7	0.02
75=<100	Tier 1	1998-2003 ^(a)	6.9	—	—	—	—
	Tier 2	2004-2007	—	—	5.6	3.7	0.30
	Tier 3	2008-2011	—	—	3.5	3.7	0.30
	Tier 4 Interim ^(c)	2012-2014	2.5	0.14	—	3.7	0.01
	Tier 4	2015 and later	0.3	0.14	—	3.7	0.01
100=<175	Tier 1	1997-2002 ^(a)	6.9	—	—	—	—
	Tier 2	2003-2006	—	—	4.9	3.7	0.22
	Tier 3	2007-2011	—	—	3.0	2.6	0.22
	Tier 4 Interim ^(c)	2012-2014	2.5	0.14	—	3.7	0.01
	Tier 4	2015 and later	0.3	0.14	—	3.7	0.01
175=<300	Tier 1	1996-2002	6.9	1.0	—	8.5	0.40
	Tier 2	2003-2005	—	—	4.9	2.6	0.15
	Tier 3 ^(d)	2006-2010	—	—	3.0	2.6	0.15
	Tier 4 Interim ^(c)	2011-2013	1.5	0.14	—	2.6	0.01
	Tier 4	2013 and later	0.3	0.14	—	2.2	0.01
300=<600	Tier 1	1996-2000	6.9	1.0	—	8.5	0.40
	Tier 2	2001-2005	—	—	4.8	2.6	0.15
	Tier 3 ^(d)	2006-2010	—	—	3.0	2.6	0.15
	Tier 4 Interim ^(c)	2011-2013	1.5	0.14	—	2.6	0.01
	Tier 4	2013 and later	0.3	0.14	—	2.2	0.01
600=<750	Tier 1	1996-2001	6.9	1.0	—	8.5	0.40
	Tier 2	2002-2005	—	—	4.8	2.6	0.15
	Tier 3 ^(d)	2006-2010	—	—	3.0	2.6	0.15
	Tier 4 Interim ^(c)	2011-2013	1.5	0.14	—	2.6	0.01
	Tier 4	2013 and later	0.3	0.14	—	2.2	0.01
\geq 750	Tier 1	2000-2005	6.9	1.0	—	8.5	0.40
	Tier 2	2006-2010	—	—	4.8	2.6	0.15
	Tier 4 Interim	2011-2014	2.6	0.30	—	2.6	0.07
	Tier 4	2015 and later	2.6	0.14	—	2.6	0.03

Please note that this table should only be used as a reference table. The actual standards may be found in Title 13, California Code of Regulations (CCR), section 2423. The standards in Title 13, CCR, section 2423 are expressed in grams per kilowatt-hour, but Table 5-3 converts the standards to g/bhp-hr to more easily compare to the various in-use regulations which use g/bhp-hr.

Previous advisories that also affect the Off-Road Compression-Ignition Equipment chapter:

Program Advisory 08-006 - Off-Road Construction Contract Extension
Program Advisory 08-005 - Regulatory Credits for Off-Road Retrofit Projects
Program Advisory 08-004 - Required Off-Road Fleet Information (Affects Off-Road Large Spark Ignition (LSI) Engines chapter also.)

Part I, Chapter Six: Off-Road LSI Engines

Can electric equipment less than 19 Kilowatts (kW) be funded?

In some cases, the answer is yes. The intent of the new electric purchase criteria for LSI equipment is to provide to the applicant who would normally purchase internal combustion equipment greater than 25 hp an alternative of purchasing equivalent sized electric equipment (19 kW). For forklifts, the rated kilowatt of electric equipment may be less than the converted horsepower value for an equivalent internal combustion forklift. For instance, electric forklifts with a 3000 lb or greater lift capacity, but less than 19 kW, are generally equivalent to internal combustion forklifts above 25 hp. Therefore, electric forklifts with a 3000 lb or greater lift capacity are eligible for funding. This is consistent with how similar forklifts are considered within the LSI regulation.

Clarifications in Chapter Six

Page VI-3. IV(a)(2). General Off-Road LSI Equipment Project Criteria.

The section is revised as follows:

(2) Funding is available for propulsion engines of LSI equipment greater than 25 horsepower or electric equipment that is greater than 19 kilowatts (kW). Electric forklift equipment that is less than 19 kW may be funded if manufacturer documentation (e.g. spec sheet) is submitted verifying electric forklift capacity is equal to or greater than 3,000 lbs. This verification documentation must be included in the project file. Funding for electric equipment other than forklifts, which

are also rated less than 19 kW, will be considered on a case-by-case basis. Auxiliary engines on mobile equipment and portable engines are not eligible for funding.

Previous advisories that also affect the Off-Road LSI Engines chapter:
Program Advisory 08-004 - Required Off-Road Fleet Information (Affects Off-Road Compression-Ignition Equipment chapter also.)

Part I, Chapter Eight: Locomotives

Are Head End Power (HEP) Units eligible?

Yes. A subsequent advisory will provide criteria for HEP engines. Until the release of the advisory, HEPs may be funded on a case-by-case basis.

Clarifications in Chapter Eight

Page VIII-6. IV(b)(2). Alternative Technology Switcher Purchase

A level of funding of 85 percent for alternative technology switcher purchase is appropriate for passenger trains. This is currently reflected on page VIII-1, in Table 8-2, but it is not reflected in the second sentence of section IV(b)(2) on page VIII-6. Therefore, section IV(b)(2), is revised as follows:

Baseline emissions for an alternative technology switcher project reflect Tier 0 emission rates for Class 1 and intercity passenger and commuter locomotives and uncontrolled emission rates for Class 3 locomotives and small passenger locomotives related to tourism. The cost of an alternative technology switcher eligible for Carl Moyer Program funding shall not exceed 50 percent of the total cost of the new switcher for Class 1 railroads. Class 3 railroads, intercity passenger and commuter railroads, including small passenger railroads related to tourism are eligible for up to 85 percent of the total cost of the new switcher.

Page VIII-7. IV(c)(6). Idle-Limiting Device (ILD)

Please note that locomotive projects receiving case-by-case approval for ILD funding will be prohibited from receiving future funding for remanufacture or repower projects for the duration of the ILD project life. As a reminder, case-by-case project approval for ILD installations are required for intercity passenger and commuter passenger locomotives. Class 3 and small passenger locomotives related to tourism are not subject to the

federal requirements and may continue to receive funding for a concurrent ILD installation with a repower or remanufacture. Per the Statewide Memorandum of Understanding, ILD projects for Class 1 locomotives are not eligible.

Page VIII-11. VI. Definitions.

The railroad definitions did not include language specific to businesses that are not typically classified as a railroad. The following definition will update and replace the current definition for a Class 3 Freight Railroad:

Class 3 Freight Railroad: Any freight railroad or business entity, which may include a holding company or other business entity not typically classified as a freight railroad¹, in whole or in part acting as a subsidiary to a parent company, shall be considered a Class 3 freight railroad if the sum of the annual operating revenue of the company(s) is less than \$25.5 million dollars. In addition, a small business is defined as the number of employees in the Class 3 railroad to be less than 500 employees, including any holding or parent company or other entity acting as a subsidiary. If either the annual revenue or number of employee threshold is exceeded, then the railroad is not considered a Class 3 railroad and will be classified as Class 2 or Class 1, as appropriate. Short-line railroads and military and industrial railroads are considered Class 3 freight railroads.

Part I, Chapter Nine: Marine Vessels

Can off-road engines be installed and used in a marine application?

The use of an off-road engine in a marine application either as the main propulsion engine or for a marine auxiliary engine is allowed.

The United States Environmental Protection Agency marine regulation allows for engines already certified to other standards for non-road engines to be used for marine use (please refer to Federal Register, Vol. 73, No. 88, page 25267, Section 1042.605). In summary, the federal regulation has several reporting requirements and stipulations that must be met to marinize or “dress” an off-road engine for marine use. Please refer to the following link for further details:

<http://www.epa.gov/fedrgstr/EPA-AIR/2008/May/Day-06/a7999d.htm> .

¹ As defined by the Surface Transportation Board as Class I, II or III. Please visit www.stb.dot.gov

The Carl Moyer Program will allow this “marinization” process for the proposed off-road engine if the off-road engine is certified to a Tier level that meets or exceeds the currently required marine certification level. Although this project type is not considered a case-by-case review, District staff must notify their Carl Moyer Liaison of this project and include documentation of this notification in the project file.

Clarifications in Chapter Nine

Page IX-4. IV(a)(8). General Marine Project Criteria

We are allowing barges on a case-by-case basis. This section has been revised as follows:

Vessels which are not self-propelled are not eligible for Carl Moyer Program funding. Barges will be considered on a case-by-case basis.

Part I, Chapter Ten: Agricultural Sources

Can a generator set (gen set) engine that powers an Agriculture irrigation pump be considered for Moyer project funds?

No, a gen set engine repower is not an eligible Moyer project. The gen set is associated with power generation and not work performed.

In regards to peripheral equipment associated with electric motor projects, what documentation is required to show that reduced voltage starting "soft start" technology is required by the electric service provider?

Page X-5. IV(a)(5)(B). General Agriculture Sources Project Criteria.

It is ARB's intent that the applicant would provide documentation from the electric service provider requiring a reduced voltage starting technology. The district should place a copy of this justification in the project file.

Is peripheral equipment to be included in the cost effectiveness calculation?

Yes, peripheral equipment included in the grant amount must be included in the cost effectiveness calculation. A district may have local policy that restricts the items it considers eligible Carl Moyer expenses. For example, a district can be more restrictive than ARB. If a district is more restrictive than ARB, the district's restrictions should be described in its Carl Moyer Policies and Procedures manual.

Clarifications in Chapter Ten

Page X-5. IV(a)(5) General Agriculture Sources Project Criteria.

The peripheral equipment definition should be expanded and clarified. Therefore, the section is revised as follows:

(5) Costs for necessary peripheral equipment associated with electric motor projects from the service pole forward (e.g. service pole with guy wire, control panel, motor leads, precast concrete pad, headshaft or gear head and tubing if required for diesel to motor conversion, and up to 150 feet of connecting electric line from the pole forward to the motor) may be included in the grant award amount.

Part III, Program Administration

How does the new Yearly Report impact Guideline requirements?

The Yearly Report (ARB sends a template to each district to fill out) is intended to simplify district reporting requirements by combining three reports – the Status Report, Annual Report, and Final Report - into one.

Generally, references to any of those three reports throughout the Program Administration Chapter should now be assumed to apply to the new Yearly Report.

In addition, specific clarifications and changes to various Guideline sections are listed below. Note that many of the changes that simplify district reporting requirements assume that up-to-date project and fiscal information for each air district is readily obtainable by ARB via CARL.

Page 5. Section 5(a)(5). District Applications for Program Funding.

Districts are no longer required to submit a Status Report along with their application for program funding. However, ARB will still need to be able to verify, via CARL or through a previously-submitted Yearly Report, whether a district that is not in “good standing” meets the fund expenditure and commitment milestones specified in Section 5(a)(5) at the time of application submittal.

Page 18. Sections 17(c)(3) and (4). Annual Report.; and
Page 21. Section 19(c)(3). Final Report.

With the new Yearly Report, all districts, regardless of their “good standing” status, are no longer required to submit copies of executed contracts or invoices for Carl Moyer Program and match projects. This is because a district’s Air Pollution Control Officer, Carl Moyer Program Administrator, and Chief Financial Officer certify in the Yearly Report that the reported contract commitments and expenditures are backed up by appropriate documentation in the district’s possession. However, ARB retains the discretion to require a district to provide copies of contracts and/or invoices.

Page 21. Section 19(c)(4). Final Report.

A brief narrative describing the results of a district’s environmental justice/high risk communities efforts is no longer specifically required because it is assumed that such information can now be obtained by ARB from CARL.

Page 21. Section 19(d)(1). Final Report.

Districts claiming credit in the State Implementation Plan for projects funded with the two dollar Motor Vehicle Registration Fee (MV Fee) must report project-by-project details by entering them into CARL.

Have procedures for receiving an initial disbursement changed along with the simplifications to the reporting requirements?

Closely related to the simplifications made to the reporting process, districts not in “good standing” must demonstrate via CARL or through a previously-submitted Yearly Report that they meet the fund expenditure and contract execution milestones for prior years’ funds specified in Section 8(c)(1) (i.e., full expenditure of funds awarded 2 years prior and fully-executed contracts for 90 percent of funds awarded one year prior) at the time they request an initial fund disbursement.

If my district’s status is not designated as “in good standing,” is that bad?

No, it isn’t. When a district’s status isn’t designated as either in “good standing” or “on probation,” its status is considered to be acceptable. Such status should not be interpreted as having negative connotations.

Does my district need to submit a Policies and Procedures Manual for ARB approval every year, even if the manual has not changed?

Per Section 5(a)(4), before receiving a funding disbursement for fiscal year 2008-2009 (Year 11), each district must have received ARB approval of its Policies and Procedures Manual. Since that manual must reflect the requirements of the 2008 Guidelines, it is assumed that all districts will need to submit a new Policies and Procedures Manual prior to requesting an initial disbursement of Year 11 funds. Once ARB has approved this new manual, it does not have to be re-submitted - unless it needs to be updated - during the years that the district continues to follow the 2008 Guidelines. Instead, the district must write (e.g., email) its ARB Carl Moyer Program liaison prior to the time it requests an initial disbursement for a given funding year, and should state that it is not changing its manual and plans to continue using it for the relevant funding year. ARB retains the discretion to require a district to submit any necessary changes to its Policies and Procedures Manual for ARB approval prior to disbursing Year 12 and subsequent years' funds.

Can motor vehicle fees used to fund infrastructure count as match? (Sections 11 and 12)

Yes, but to count as Carl Moyer Program match, motor vehicle fees authorized under Assembly Bill (AB) 2766 and AB 923 can only be used to fund infrastructure that serves Carl-Moyer Program eligible motor vehicle projects. Table 3 in Section 11 lists eligible (and ineligible) motor vehicle project types. Note that stationary engines such as agricultural pumps are not eligible motor vehicle project types.

Can cumulative progress tracking be used for multidistrict projects?

Yes.

Page 22. Section 20(b). Cumulative Progress Tracking.

This section is revised as follows:

*(b) Cumulative progress tracking **shall not may** include funds received from ARB for specific multi-district projects selected via ARB's multidistrict solicitation (pursuant to California Health and Safety Code (HSC) § 44286).*

Clarifications in Part III

Page 3. Section 4(b). ARB Solicitation of District Applications.

The solicitation letter is not being used for the purpose of identifying a district's expenditure shortfall. Therefore, this paragraph is being removed. Section 4(b) is deleted.

~~**(b) If a district has not expended State Carl Moyer Program funds within two years, the solicitation letter from ARB to the air district shall indicate the district's expenditure shortfall.**~~

Page 5. Sections 5(b)(1) and 5(b)(2). District Applications for Program Funding.

For clarification, this section is revised as follows:

(b) Any district whose latest required Final Report does not demonstrate full expenditure of program funds within two years, as tracked cumulatively as required by HSC §44287(k) and §44299.2(c) and Sections 18 through 20 of this chapter, must do one of the following:

*(1) Return the expenditure shortfall within 60 calendar days ~~of~~ **after** the June 30th expenditure deadline, as required by HSC §44287(k),*

or

(2) Have the amount of the expenditure shortfall deducted.....

Page 9. Section 9(b). AB 923 -- \$2 Motor Vehicle Fee.

For clarification, this section is revised as follows:

*(b) \$2 MV Fees used to meet the Carl Moyer Program match fund requirement are subject to the same eligibility, reporting, and auditing requirements as State-provided Carl Moyer Program funds. \$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, districts must expend sufficient match funds to meet the obligations for the State Carl Moyer Program funds received each year.*

Page 30. Section 26(e)(4). Minimum Project Application Requirements.

This section contained unclear wording regarding disclosure statements. Therefore, the section is revised as follows:

*(4) 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 submitted multiple applications for the same engine and who has not disclosed any current financial incentive in the disclosure** required by Section 26(e)(1), above, shall at a minimum, be disqualified from funding for that **project engine** from all sources within the control of a district or ARB.*

Page 34. Section 29(b). Minimum Contract Requirements.

This section is clarified as follows:

*(b) **Party Names and Date.** All contracts shall state the name of the district and the owner as parties to the contract. Contracts shall 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.***

Page 35. Section 29(f). Project Specifications.

For clarification, this section is revised as follows:

*F. **Project Specifications.** All contracts shall 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 as long as the application is accurate and complete. A program-eligible new vehicle, piece of equipment and/or engine that is verified or certified to achieve **equivalent or** greater reductions than the original project new vehicle, piece of equipment and/or engine may be substituted with prior approval of the district. All contracts shall specify the amount the engine is to operate within California (or the district) each year based on hours, miles, or fuel usage. Contracts must also contain a statement that the project complies with the Carl Moyer Program Guidelines and criteria and shall meet all program requirements for the full contract term.*

Page 38. Section 30(c). Project Pre-Inspections.:
Page 40. Section 31(b). Post-Inspection.

Pre- and post-inspection forms should include the identification of the inspector and date of inspection. Therefore, the following element is added as 30(c)(5) and 31(b)(8):

Identification of inspector and date of inspection.

Pages 41-43. Section 32(a) and (f)-(j). Project Invoice and Payment.

For clarity, this section is updated and re-numbered as follows:

(a) With the exception of some progress payments as described in Section 32(f) below and consistent with Section 18 of this chapter, an itemized invoice for a project (or a completed portion of a project if a partial payment is being made consistent with Section 32(f) below) must be received by the district and a post-inspection of the project (or a completed portion of a project) must indicate the project is in-place and operational before payment may be made. An electric agricultural irrigation pump is considered operational for the purposes of invoice payment once it has been delivered to the project participant and has been connected to the electricity grid. A project invoice must include enough detail to ensure only eligible project costs are being reimbursed, yet clear and concise enough to be understandable. The district shall review the itemized invoice and only pay for eligible expenses.

~~(f) Payment on a project may only be made after receipt of a project invoice and after the district post-inspection indicates the project is in place and operational. An electric agricultural irrigation pump is considered operational for the purposes of this definition once it has been delivered to the project participant and has been connected to the electricity grid.~~

(1-f) Partial payments, including progress payments, may be made only if the payment process and requirements have been reviewed and approved by the district, are described in the district's Policies and Procedures Manual per Section 18(a)(2) of this chapter, and are described in the contract. If multiple engines, vehicles or pieces of equipment comprise a project under one contract, all the funds

under the project's contract may be counted as expended consistent with Section 18(c) of this chapter as long as the district has paid the incremental cost of one or more units that are invoiced and ascertained by post-inspection to be in place and operational.

(g) Progress payments (for example, providing partial payment for an engine prior to its installation and operation) shall only be made after the owner provides the district with sufficient evidence of completing predetermined milestones, such as engine delivery. The district must maintain a clear record of progress payments in the file and in the administration/fiscal unit of the district. Funds under a contract for which progress payments are being made may not be counted as expended until such time that the district pays the incremental cost of an invoiced engine, vehicle, or piece of equipment that has been ascertained by post-inspection to be in place and operational consistent with Sections 18(c) and 21(d) of this chapter. Progress payments include final payments that are withheld until all reporting requirements are met (also known as "withhold payments"). See Best Practice #33

(2-h) Payments typically shall be made directly to the project applicants. However, payments may be made directly to the dealer or distributor only if such payment arrangements are specified in the contract. Partial payments may be made only if the payment process and requirements have been reviewed and approved by the district.

(3-i) Additional project invoicing requirements for the on-road fleet modernization category are included in that chapter.

(g-j) For all on-road projects, if a compliance check.....

(h-k) For projects where the participant must comply.....

(i-l) Invoices received after the project post-inspection.....

(j-m) The district shall maintain copies of all invoices.....

Correction of various typographic errors

Page 21. Section 19(d)(2). Final Report.

This section is corrected as follows:

(2) Districts not claiming SIP credit for \$2 MV Fee projects shall report fund expenditures for each of the four allowed uses identified in Section 9(a)(~~4~~) of this chapter, but are not required to report project-by-project details.

Pages 21-22. Sections 19(d)-(f). Final Report.

This section is renumbered as follows:

- (d) Projects funded with the \$2 MV Fee.....*
- (~~d~~ e) In the event previous years' funds.....*
- (~~e~~ f) Receipt of an Annual or Final Report.....*
- (~~f~~ g) Districts that are found to have funded.....*

Page 26. Section 23(e). "In Good Standing" Designation.

This section is corrected as follows:

(e) Districts in good standing have additional flexibility to administer the Carl Moyer Program as described in the following sections of this chapter:

- (1) Section 5(a)(5) – Submittal of Status Report*
- (2) Section 6(e) – Eligibility for Additional Funding Allocation*
- (3) Section 8(c) – Required Actions for Grant Disbursement*
- (4) Section 17(c)(~~4~~ 3) – Annual Report Contract Submittal*
- (5) Section 19(c)(~~4~~ 3) – Final Report Invoice Submittal*

Interested Parties
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Previous advisories that also affect the Program Administration chapter:

Program Advisory 08-001 - Identification of Non-compliant Retrofit Labels During
Post-Inspection.

Program Advisory 08-002 - Changes to Requirements for Fund Liquidation

Program Advisory 08-003 - Carl Moyer Program Progress Tracking

If you have any questions or need further clarification, please contact Ms. Margo Eaddy,
Air Resources Engineer, at (626) 575-6775 or meaddy@arb.ca.gov.

Sincerely,

/s/

Robert H. Cross, Chief
Mobile Source Control Division

cc: Ms. Margo Eaddy
Air Resources Engineer
Carl Moyer Off-Road Section