

San Luis Obispo County
Air Pollution Control District

**Carl Moyer Incentive Program
Request for Proposals**

Update May 5, 2010

The San Luis Obispo County Air Pollution Control District (APCD)'s Year 10 Carl Moyer Incentive Program Request for Proposals (RFP) has been updated to include Year 11 and Year 12 Carl Moyer Program Funds. The Year 10 funds have been fully contracted. The California Air Resources Board (ARB) approved the APCD's participation in the Year 11 and Year 12 Carl Moyer Program and awarded the APCD \$342,727 for Year 11 and \$308,717 for Year 12 to fund qualifying emission reduction projects within San Luis Obispo County. The APCD Board of Directors authorized the APCD to use these Moyer funds and approximately \$31,070 of interest earned by the Moyer Year 8 and 9 funds to expand the first-come first-served incentive program solicited under the existing RFP.

The RFP is bound by the ARB's 2008 Carl Moyer Program Guidelines and Advisories. Recent updates to these Guidelines have changed portions of the RFP. Additions to the language will appear as underlined text, while deletions will appear as ~~striktthrough text~~.

The APCD has also updated the applications found in the appendices of the RFP. The Application Checklist, Appendix 3, has been deleted and merged into the application for each project type.

San Luis Obispo County Air Pollution Control District

Year 10 Carl Moyer Incentive Program

Funded by:
Carl Moyer Memorial Program Funding
&
AB 923 Funding

**PROGRAM GUIDELINES
FOR FIRST-COME, FIRST-SERVE
REQUEST FOR PROPOSALS**

**Applications will be Accepted Starting
May 15, 2008**



**AIR POLLUTION
CONTROL DISTRICT**
COUNTY OF SAN LUIS OBISPO

**San Luis Obispo County Air Pollution Control District
3433 Roberto Ct.
San Luis Obispo, California 93401
(805) 781-5912**

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¹ Use for all on-road **engine replacement** and **retrofit** projects only, not for vehicle replacement.

² Use for all on-road **vehicle replacement** projects.

1 INTRODUCTION & SUMMARY

The San Luis Obispo (SLO) County Year 10 Carl Moyer Incentive Program (Carl Moyer Program) is a first-come, first-served grant program that will partially fund emission reduction projects from applications received from this Request for Proposals (RFP).

The Carl Moyer Program is funded by the Year 10 Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer), interest earned from SLO County's Moyer Years 1 to 7 Program and Assembly Bill 923 (Firebaugh) funds collected over 2007. Both Moyer and AB 923 funding provide financial incentives to reduce emissions from heavy-duty diesel engines.

The SLO County Year 10 Moyer allocation is \$372,438 for projects and \$41,382 for APCD administration and outreach efforts. Another \$475,000 from the AB 923 (Firebaugh) funding was added to the Moyer project funds, with \$25,000 earmarked for APCD grant administration. The combined \$500,000 AB 923 funds reflect the \$2 DMV registration fee collected throughout 2007 for all vehicles registered in SLO County. In addition, \$14,172 of Years 1-7 residual Moyer Program funds will be obligated to qualified projects for a total of \$861,610 available for eligible engine emission reduction projects through this RFP.

The \$861,610 in available Program grant funding is allocated as follows:

- \$175,000 stationary agricultural irrigation engine projects¹;
- \$386,610 off-road engine projects; and,
- \$300,000 to on-road engine projects.

The California Air Resources Board (ARB) identified diesel particulate matter (diesel PM) as a toxic air contaminant in August 1998. This led to the development of ARB's Diesel Risk Reduction Plan to reduce diesel PM emissions, exposure, and health risk from both new and existing diesel engines and vehicles. The plan was approved in September 2000 and has in part resulted in State adopting Air Toxic Control Measures (ATCM) to control emission from the existing fleet of engines. The Year 10 Carl Moyer Incentive Program targets SLO County emission reductions from two emission categories currently regulated by ARB [i.e., stationary agricultural irrigation engines (ag) and heavy-duty off-road equipment] and one soon to be regulated fleet [i.e., private heavy-duty on-road trucks]. The regulations for each of these categories specify state mandated emission reduction requirements and the timetable for each fleet to comply with these requirements.

Eligible projects funded with Carl Moyer and AB 923 monies must meet the requirements in the 2008 Moyer Program Guidelines and Advisories, which include the ARB proposed maximum combined oxides of nitrogen (NO_x), reactive organic gases (ROG) and diesel PM cost-effectiveness value of \$16,400 ~~\$16,000~~ per weighted multi-pollutant ton reduced.

For more information on the Carl Moyer and AB 923 funded grant programs please visit the following websites:

- <http://www.arb.ca.gov/msprog/moyer/moyer.htm>
- <http://www.arb.ca.gov/msprog/moyer/facts/about.htm>
- <http://www.arb.ca.gov/msprog/moyer/ab923/ab923.htm>

¹ Portable irrigation engines can be considered stationary in certain instances. Contact APCD staff for specifics.

2 PROGRAM DETAILS, FUNDING AND ELIGIBILITY CRITERIA

2.1 Program Details

- a. The APCD is currently seeking proposals to fund qualified Carl Moyer Program projects on a competitive first-come, first-served basis using the criteria listed in this document;
- b. This RFP will be issued on January 28, 2008;
- c. Applications will be accepted on or after April 30, 2008;
- d. Program application materials and procedures are contained in Chapter 4 of this document;
- e. The funding order of qualified projects will be based on the date on which the APCD determines that an application is complete.
- f. Project applications that are received on the same day will be prioritized in the order of the best to least cost-effectiveness as defined in the 2008 Moyer Guidelines.
- g. The application period for a given project category will be closed when the allocated funding for that category is fully contracted.
- h. Complete agricultural project applications from the previous funding cycle shall receive priority for the current available Carl Moyer Program agricultural funds.

2.2 General eligibility criteria: all projects

To be eligible for funding, projects must meet the criteria described in the 2008 Carl Moyer Program Guidelines and applicable Carl Moyer Program Advisories. These criteria include but are not limited to the following:

- Emission reductions obtained through Carl Moyer Program projects must not be required by any federal, state or local regulation, memorandum of agreement/understanding with a regulatory agency, settlement agreement, mitigation requirement, or other legal mandate.
- Projects must meet a cost-effectiveness of ~~\$16,400~~ ~~\$16,000~~ per weighted ton of NO_x + ROG + twenty times combustion PM₁₀ reduced, calculated in accordance with the cost-effectiveness methodology discussed in the Guidelines.
- No emission reductions generated by the Carl Moyer Program shall be used as marketable emission reduction credits, or to offset any emission reduction obligation of any person or entity.
- No project funded by the Carl Moyer Program shall be used for credit under any federal or state emission averaging banking and trading program.
- All engines in new vehicle purchases and repower projects must be certified by the ARB for sale in California and must comply with durability and warranty requirements.
- The low emissions technology must be certified or verified and meet the current NO_x, PM and/or ROG requirements. If the low emissions technology is not certified or verified it may be approved based on an ARB case-by-case evaluation. When approved by an ARB case-by-case evaluation, the method for emissions verification must be included as part of the contract.
- The new engine/equipment/vehicle must not have been ordered or purchased prior to the effective date of the Grant Agreement. The purpose of this requirement is to avoid funding of engines purchased prior to implementation of the Grant Agreement, which would violate the Carl Moyer Program statutory provisions.

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- The new engine/vehicle/equipment must remain in service for the project life; operate in California as per the source category requirements; and may be required to operate an amount specified in the grant agreement (e.g., engine hours or fuel usage).

2.3 Stationary Agricultural Engine Eligibility Criteria

- a. Repowering old diesel engines that are 25-hp or larger with new electric systems;
- b. Repowering old diesel engines that are 25-hp or larger with new diesel off-road engines that meet the current emission tier, including the equipment and installation cost associated with the best available ARB verified retrofit technology² for the new engine, if such technology is available; and
- c. Repowering old engines that are 25-hp or larger with a new off-road spark-ignited (SI) engine certified to the current applicable emission standards or a non-certified engine that is subject to annual source testing throughout the project lifetime.

2.4 Off-Road Project Eligibility Criteria

- a. Repowering old diesel engines that are 25-hp or larger with new diesel off-road engines that meet the current emission tier and that have the best available ARB verified retrofit technology³ for the new engine, if such technology is available;
- b. Repowering old engines that are 25-hp or larger with a new off-road spark-ignited (SI) engine certified to the current applicable emission standards; and
- c. Retrofitting existing Tier 1 or newer diesel engines that are 25-hp or larger with the best available ARB verified retrofit technology for the existing engine, if such technology is available.

2.5 On-Road Project Eligibility Criteria

- a. Repowering old diesel engines with new on-road engines that meet the current emission standard (i.e. engine certified to meet the 2007 or newer on-road engine emission standards), including the equipment and installation cost associated with the best available ARB verified retrofit technology for the new engine, if such technology is available. Projects in this category are subject to the following requirements:
 - All engines in the recipient’s fleet that are eligible for a low NOx software upgrade (reflash) must be reflashed within 60 days of receipt of payment. Most heavy heavy-duty, and some medium heavy-duty engines manufactured between 1993 through 1998 are eligible for reflash.
 - Replacement engines for repower projects must be an ARB certified engine meeting at least or equivalent to the Model Year 2007 1.2 g/bhp-hr NOx and 0.01 g/bhp-hr PM emissions standards.
- b. Retrofitting existing diesel engines with the best available ARB verified retrofit technology¹ for the existing engine, if such technology is available; and
 - All engines in the recipient’s fleet that are eligible for a low NOx software upgrade (reflash) must be reflashed within 60 days of receipt of payment. Most heavy heavy-duty, and some medium heavy-duty engines manufactured between 1993 through 1998 are eligible for reflash.
- c. Replacement of old diesel-powered on-road equipment with new, clean, diesel-powered on-road trucks, also known as “Fleet Modernization”. Projects in this category are subject to the following requirements:

² Although the ARB Moyer Guidelines allow funding for future maintenance costs associated with an ARB verified retrofit device, the APCD will not allow such expenses under this Program.

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- Except for school buses, existing old vehicles must have ~~both engine and chassis~~ of model year ~~2002-1990~~ or older;
- Eligible vehicles must have a California heavy heavy-duty gross vehicle weight rating (GVW) or combined gross vehicle weight (CGW) of greater than 60,000 33,001 pounds or more;
- The new vehicle must have the same axle and body configuration as the old vehicle;
- The “new” vehicle must have an engine certified to meet the 2007 or newer on-road engine emission standard of 0.01 g/bhp-hr for PM and a NOx or NOx+NMHC FEL level of 1.2 g/bhp-hr or lower;
- Except for school buses, an Electronic Monitoring Unit (EMU) is required on all replacement vehicles. The EMU electronically reports vehicle miles traveled and the number of miles a vehicle has operated within the California and district boundaries;
- Participants must submit:
 - i. Copies of the participant’s United States Internal Revenue Service Form 2290 or Schedule C for the previous two years;
 - ii. Proof of vehicle vocation for the previous two years;
 - iii. California Motor Carrier Permits (or DMV registration and proof of insurance) for the previous two years;
 - iv. Documentation of annual miles traveled (logbooks, fuel records, and maintenance records or tax records for the previous two years.
- Except for school buses, all participants must purchase a minimum of a one-year or 100,000-mile major component engine warranty for the replacement vehicle. The warranty must cover parts and labor;
- All engines in the recipient’s fleet that are eligible for a low NOx software upgrade (reflash) must be reflashed prior to within 60 days of receipt of payment. Most heavy heavy-duty, and some medium heavy-duty engines manufactured between 1993 through 1998 are eligible for reflash.

In the unlikely instance that not enough applications are received in any one of the above categories to expend the amounts identified in *Introduction & Summary* section of this RFP, the APCD will shift funding from an under-applied category to one that is oversubscribed. If not enough applications are received to contract all of the available funds, the APCD will solicit applications from other Carl Moyer eligible categories. The APCD seeks to have projects completed as promptly as possible to ensure state spending deadlines are met.

2.6 Eligible Projects Costs and Caps

- a. Costs of mechanical items necessary to complete the project;
- b. Costs of the labor from an APCD approved installer to complete the project;
- c. Cost of sales tax;
- d. Project awards are capped at **\$100,000 per applicant per funding grant program and cycle**;
- e. All project categories, except on-road heavy-duty fleet modernization, shall have awards capped at **65% of the total eligible project costs**. Fleet modernization projects are capped at the maximum ~~amount percentage~~ allowed for that project category as specified in the 2008 Carl Moyer Program Guidelines or 65% of the total eligible project costs, whichever is less. The maximum funding amount per the Guidelines is \$60,000 for a 2010 compliant (0.20 g/bhp-hr) new vehicle, \$50,000 for a 2007 compliant (1.20 g/bhp-hr) new vehicle, or \$40,000 for a 2007 compliant (1.20 g/bhp-hr) used vehicle ~~percentage in the 2008 Guidelines is 50% for fleets of 6 vehicle or more and 85% for fleets of 5 vehicles or less.~~

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- f. If necessary, project awards may be less than the capped award level to ensure the award does not exceed the multi-pollutant cost effectiveness threshold of ~~\$16,400~~ ~~\$16,000~~/ton of emissions reduced.

3 SCHEDULE

3.1 Request for Proposal Issuance

This Carl Moyer Program RFP will be issued on Monday, January 28, 2008.

3.2 Proposal Submission

Applications will be accepted by the APCD starting May 15, 2008.

3.3 APCD Application Completeness Review

The application will be reviewed for completeness by APCD staff. If the application is complete, the APCD will send an "Application Complete Notice."

If the application is incomplete, the APCD will send the applicant a letter that describes what is needed to complete the application. Applicants that correct the application deficiencies by the required date will retain their initial submittal date as long as the requested information satisfies APCD's completeness request. Once the application is complete, the APCD will issue an "Application Complete Notice."

3.4 Application Complete Notice

Based on the information provided in the application, the APCD shall estimate project cost-effectiveness and define the project's eligible award amount. The "Application Complete Notice" will either:

- a. Include an offer of the award amount from the APCD. This award letter will be followed by the contract Grant Agreement signed by the APCD's attorney ready for the applicant's review. Once a signed agreement is sent back to the APCD for the Air Pollution Control Officer (APCO) to sign⁴; or
- b. Specify that although the application is complete, the project can not be funded at this time due to either:
 - 1. The project's priority puts the project funding on hold until funding availability can be assessed; or
 - 2. No more grant funds are available.

3.5 Pre-Inspection & Project Initiation

As part of the application or contracting phase, the APCD shall contact applicants to schedule a pre-inspection of the existing engine to verify that it is both functional and that the application information matches that from the engine. Engines that do not have serial numbers will be tagged by the APCD with the Carl Moyer project number. Pre-inspections for on-road fleet modernization projects are more detailed.

Work on the project CAN NOT begin until the Applicant has received a copy of the fully signed executed Grant Agreement from the APCD.

⁴ Prior to or accompanying their signature of the Grant Agreement, the Applicant shall provide the APCD with copies of documents that specify their business structure, proof of insurance, and other items as listed in Section 4.

3.6 Project Installation

The engine manufacturer, a manufacturer-approved dealer, or a certified professional must complete the labor for the project. Applicants who want to perform all or some of the labor for the project need to have their engine dealer notify the APCD in writing to confirm that the applicant has dealer approval to perform the necessary work. Please see Appendix 1 for a list of local certified individuals and organizations approved to carry out engine replacements; Appendix 2 provides a list of retrofit consultants and companies approved to accomplish retrofits. In order to use an installer who is not on the list you must receive prior approval from APCD. On-road fleet modernization projects have specific old-to-new truck transfer requirements that will be identified in the Grant Agreement.

Electronic Monitoring Units (EMUs) will be installed on all new trucks purchased under this program. The EMU will provide the APCD with data about the vehicle's location and hours of operation. EMU purchase and installation costs are covered by the program. As of the publication of this RFP, the APCD is contracting with EMU providers in California; contact Andy Mutziger ~~Alex Bugrov~~ at 805-781-5912 if you have any questions regarding EMUs.

3.7 Project Post-inspection & Replaced Engine Destruction

When the project is complete, the applicant must:

- a. Contact the APCD and schedule the project's post-inspection;
- b. Destroy and render useless the old engine for APCD to verify during the post-inspection;
- c. After the post-inspection, send the old engine to a metal recycling yard and obtain receipt from the recycling yard that states the engine (with serial number) was received;
- d. Complete the APCD the Engine Destruction Certificate that is included in the Grant Agreement and attach a copy of the metal recycling yard receipt to that certificate; and
- e. Post-inspections and scrap inspections of the old truck are required for on-road fleet modernization projects and will be conducted by air district staff in cooperation with the new truck dealer. The new truck will also be reviewed by air district staff at the time of the truck transfer.

3.8 Reimbursement of Project Costs

On the Applicant's company letterhead or with an Applicant's signature, the Applicant must invoice the APCD for their project costs up to the amount listed in the Grant Agreement. The Applicant must attach invoices that demonstrate the purchase of the new engine/retrofit, required parts and installation charges. Only ARB approvable costs are allowed for reimbursement by the APCD. Also the old engine scrap information identified above in 3.7.d. must be attached to the invoice. The APCD will initiate payment as promptly as possible, but at least within 30 days after receipt of this information. On-road fleet modernization projects have payments made at the time the old and new trucks are switched with the air district portion of the payment being made through a two party check to the applicant and the truck dealer. The applicant shall pay their portion of the project cost at the time specified by the grant agreement.

3.9 New Equipment Maintenance & Operation Reports

After the project is complete, applicants must maintain their new engine/retrofit as recommended by the equipment manufacturer and must submit operation reports to the APCD as outlined in their Grant Agreement.

3.10 Follow-up Inspections & Audits

After the project is operational, as part of the Grant Agreement, the APCD, ARB or their designee(s) shall be allowed to inspect the engine(s) and/or records relating to the engine and accomplish fiscal audits during the term of the Grant Agreement.

3.11 Performance Expectations

After the project is operational, the ARB and the APCD have the authority to fine the owner or seek other remedies available under the law for noncompliance with Carl Moyer Program requirements and/or unacceptable performance with regard to the performance parameters agreed upon within the Grant Agreement (e.g., lower engine usage or miles driven than stated in the application).

The APCD can consider unforeseen circumstances beyond the owners' control in determining repercussions, if any, for nonperformance. If possible, the APCD can extend the project life so that contracted emission reductions can be achieved or work with the state to adjust the project's actual emission reductions.

4 SUBMISSION OF PROJECT PROPOSALS

Application with original signatures must be mailed or delivered to the APCD. Hardcopy application templates are contained in the appendices of this document as follows:

- Appendix 5: Stationary and Portable Agricultural Irrigation Engine Application
- Appendix 6: Off-road heavy-duty Equipment Application
- Appendix 7: On-Road Heavy-Duty Truck Application (Use for all on-road engine repower and retrofit projects only. Do NOT use for vehicle replacement projects)
- Appendix 8: On-Road Fleet Modernization Application (Use for all on-road vehicle replacement projects. Do NOT use for engine repower and retrofit projects)

Applications will be accepted by the APCD beginning April 30, 2008. All hard-copy application materials should be delivered to:

San Luis Obispo County Air Pollution Control District
Attn: Andy Mutziger
3433 Roberto Ct.
San Luis Obispo, CA 93401

Please note that the APCD may request additional information after the application deadline and responses must be accomplished.

5 APCD CONTACT

For all **agricultural** irrigation ~~diesel-to-diesel~~ engine applications and for all **off-road** engine applications, contact Meghan Field ~~Stacy Shull~~, APCD staff, at 805-781-1003 ~~5912~~.

For all **agricultural** irrigation diesel-to-electric applications and for all **on-road** engine applications, including **Fleet Modernization**, contact Andy Mutziger, APCD staff, at 805-781-5956.

~~For all **off-road** engine applications, contact Andy Mutziger, APCD staff, at 805-781-5956.~~

~~For all **on-road** engine applications, contact Alex Bugrov, APCD staff, at 805-781-5912.~~