

To: Members of the YSAQMD Board of Directors

From: Stephanie Holliday, Administrative Analyst

Date: August 10, 2022

Subject: Community Air Protection (CAP) Incentive Program Policies and Procedures

Recommended Action

Approve the Yolo-Solano AQMD's CAP Incentive Program Policies and Procedures as an Addendum to the YSAQMD Carl Moyer Program Policies and Procedures Manual.

Background

In July 2017, the California Assembly and Senate passed Assembly Bill (AB) 617 directing the California Air Resources Board (CARB) to develop the Community Air Protection Program (CAPP). The Program's focus is to reduce exposure in communities most impacted by air pollution and uses a variety of strategies, including community-level air monitoring, uniform emission reporting across the State, stronger regulation of pollution sources and incentives for both mobile and stationary sources. To support AB 617 requirements, the Legislature appropriated funding for CAP Incentives to be administered by air districts in partnership with local communities to support early actions to address localized air pollution. The District will work collaboratively with CARB and actively engage members of impacted communities in Yolo and northeastern Solano County to create a community-focused action framework to address emission impacts, respond to concerns, improve air quality, and reduce exposure to criteria air pollutants and toxic air contaminants.

Funded by Cap-and-Trade auction proceeds, projects funded with CAP Incentives must align with the goals and requirements of California Climate Investments (CCI). As directed by CARB, at least 80 percent of CAP Incentives must be invested in projects located in and benefitting disadvantaged and low-income communities, with 70 percent invested in disadvantaged communities.

Guidelines

These policies and procedures are required by Chapter 3, Section B.5 of the CAPP Guidelines. This section of the CAPP Guidelines includes specific requirements and other procedures that affect local implementation. The CAP Incentive Program Policies and Procedures Addendum includes any District requirements that are additional to or more stringent than State requirements. District staff will review the CAP Incentive Program Policies and Procedures at least once a year and keep it available to the public on the District website.

Budget Impacts

Funds in the amount of \$1,065,113.05 will be available to the District, of which \$931,973.92 is to be

awarded to eligible projects, and \$133,139.13 is allocated for District administration and outreach for CAP Incentives.

Other Agency Involvement

Oversight of the District program is provided by CARB and funding provided by CCI.

Attachments: Community Air Protection Incentives Program Policies and Procedures Addendum

Community Air Protection Incentives Program Addendum

The purpose of this document is to serve as the Community Air Protection (CAP) Incentives Policies and Procedures Manual (PPM) for the Yolo-Solano Air Quality Management District (District). It is an addendum to the District's Policies and Procedures for the Administration of the Carl Moyer Memorial Air Quality Standards Attainment Program (Moyer PPM) due to substantial overlap in the policies and procedures for both programs. The CAP PPM as an addendum to the Moyer PPM, incorporates the appropriate Moyer PPM sections by reference and addresses items unique to the CAP Incentives Program.

Background

In July 2017, the California Assembly and Senate passed Assembly Bill (AB) 617 (C. Garcia, Chapter 136, Statutes of 2017) directing the California Air Resources Board (CARB) to develop the Community Air Protection Program (CAPP). The Program's focus is to reduce exposure in communities most impacted by air pollution and uses a variety of strategies, including community-level air monitoring, uniform emission reporting across the State, stronger regulation of pollution sources and incentives for both mobile and stationary sources. To support AB 617 requirements, the Legislature appropriated CAP Incentives funding to be administered by air districts in partnership with local communities to support early actions to address localized air pollution. The District will work collaboratively with CARB and actively engage members of impacted communities in Yolo and northeast Solano County to create a community-focused action framework to address emission impacts, respond to concerns, improve air quality, and reduce exposure to criteria air pollutants and toxic air contaminants.

Funded by Cap-and-Trade auction proceeds, projects funded with CAP Incentives must align with the goals and requirements of California Climate Investments. These include targeting funds to projects that meaningfully reduce local pollutant exposure in disadvantaged and low-income communities that are disproportionately impacted by air pollution while also showing a net reduction in greenhouse gas emissions. Project decisions follow extensive outreach by the District to the public in those communities, and the opportunity for community members to propose and comment on specific projects.

As directed by the California Air Resources Board (CARB), at least 80 percent of CAP Incentives must be invested in projects located in and benefitting disadvantaged and low-income communities, with 70 percent invested in disadvantaged communities. The CAP PPM explains the District's local implementation of the [Community Air Protection Incentives Guidelines](#) (CAP Guidelines) adopted for the State of California by CARB. It defines the roles and responsibilities for program administration within the District, describes the local application of the program, and addresses the requirements specified in the Health and Safety Code, Moyer, or CAP Guidelines (Guidelines), and CARB Technical Advisories. The CAP PPM does not replace the CAP Guidelines but is intended to provide direction and procedures for the District's implementation of the CAP Incentives program. The appendices include samples of pertinent documents and forms as referenced in the CAP PPM. District staff should reference the Guidelines for detailed descriptions of CARB's procedures and requirements, including the Moyer PPM.

The CAP PPM is required by Chapter 3, Section B.5 of the CAP Guidelines. It includes the specific requirements of that section and other procedures referred to in the CAP Guidelines that affect local implementation. The CAP PPM also includes any District requirements that are additional to or more

stringent than State requirements, and any CARB approvals of District program elements that vary from State requirements. The CAP PPM is not intended to conflict with California State law – in the event of such a conflict, State law should be followed in all cases. District staff will review the CAP PPM at least once a year and keep it available to the public on the District website.

In addition to the CAP Guidelines cited above, the following documents provide further background and policy guidance for CAP Incentives.

- [Assembly Bill No. 617](#)
- [California Climate Investments \(CCI\) Funding Guidelines](#)
- [Community Air Protection Blueprint](#)
- [Carl Moyer Program Guidelines](#)
- [Moyer PPM](#)

A. District Roles and Responsibilities

CAP Incentives are administered within the District’s Administration Division, under the immediate supervision of the Executive Director/Air Pollution Control Officer (APCO). The Administrative Services Manager supervises the Administrative Analyst/CAP Program Administrator and provides direction and oversight on program implementation to ensure CAP program goals and Guidelines are met. The CAP Program Administrator coordinates community engagement, including public meetings and workshops, and the development of project proposals. At regular intervals and at least annually when CAP Incentives are available to the District, the CAP Program Administrator will draft a CAP Solicitation proposal including proposed project categories and funding amounts. Following review by the APCO and the Administrative Services Manager, this Solicitation is posted on the District website for public review prior to final funding being authorized by the District Board of Directors.

The CAP Program Administrator is assisted by additional staff identified and described in more detail in the table titled CAP Incentives Roles and Responsibilities. Together they execute funding agreements with CARB, meaningfully engage members of the low-income communities to seek guidance on how best to direct CAP Incentives in those communities, issue project solicitations, evaluate and select projects for the CAP Incentives Proposal, request fund disbursements from CARB, review reports by grantees, and conduct project inspections and audits. Members of this team also respond to public inquiries about potential funding opportunities and project eligibility, maintain the District’s CAP Incentives website, and plan and staff public meetings and workshops.

The CAP Program Administrator, with assistance from the District staff referenced in the CAP Incentives Roles and Responsibilities table, will be responsible for preparing and submitting the required reports.

Community Air Protection Incentives Reporting Dates

Date	Action
May 31	Mid-Cycle Report (Projects Nov 1 – April 30) due to CARB
June 30	CARB submits data to CCIRTS
November 29	Yearly Report (Projects May 1 – October 31) due to CARB
December 31	CARB submits data to CCIRTS

CAP Incentives Roles and Responsibilities

Position	Responsibility
Air Pollution Control Officer (APCO)	Obtains District Board approval for program participation, provides direct program oversight, approves projects for funding, outlines funding source commitments, signs and executes grant agreement.
Administrative Services Manager (ASM)	Supervises the CAP Program Administrator and provides direction and oversight on program implementation to ensure CAP program goals and Guidelines are met. Approves grant agreements, amendments, and reimbursement requests from applicants. Provides fiscal oversight and budget support.
CAP Program Administrator/Administrative Analyst	Manages day-to-day program activities. Coordinates outreach, evaluates projects and recommends project funding amounts, performs project inspections, drafts project agreements. Maintains information in CARL, submits semi-annual reports to CARB, and manages grant agreement objectives with applicants. Responds to CARB funding agreements, manages CAP funds, tracks, and manages grant agreement deadlines and terms, maintains project and program folders. Reviews and updates policies and procedures and develops new project plans for CARB approval.
Air Quality Technicians	District Air Quality Specialists may be used to conduct field inspections on an as needed basis and as requested by the CAP Program Administrator.
Public Outreach Coordinator	Conducts and performs community engagement. Distributes news releases, promotes community events. Contributes relevant information to the District's website.
Administrative Staff	Tracks and processes payments and reimbursements, corresponds with applicants regarding reporting and other administrative requirements. Performs accounting for CAP funds, tracks interest and general administrative support.

This list is not all-inclusive. It seeks to highlight the primary duties of key individuals and is a supplement to staff responsibilities outlined in the Moyer PPM.

B. Project Categories, Solicitation and Review

- 1) Project Categories –CAP Guidelines allow CAP Incentive Funding to be used for Carl Moyer Program (CMP) eligible projects, Proposition 1B Program eligible projects, Hexavalent Chromium Plating Facility projects, CARB approved Chapter 6 Project Plans and Reducing Air Pollution in Schools projects. Project categories eligible for funding include:

- a. Heavy-duty diesel on-road vehicle replacements, prioritizing funding diesel to zero-emission replacement projects
- b. Off-road diesel equipment replacements
- c. Alternative Fuel and zero-emission charging infrastructure
- d. Stationary source projects as CARB approves new eligibility for the replacement of equipment at locations of stationary sources of air pollution not subject to the Cap-and-Trade Program, which will result in direct reductions of toxic air contaminants (TACs) and/or criteria air pollutants
- e. Community-identified projects including the replacement of aging public school furniture with low- or no-added formaldehyde products, zero-emission lawn and garden equipment replacement, air filtration enhancement and eligible project types identified in the Clean Mobility in Schools Pilot Project
- f. Locomotive replacement and repower projects
- g. Marine vessel repowers

The District is not required to fund all eligible project categories as listed above and may target specific categories based on the availability of project types, funding, and community-based goals. Currently, funding for project categories a, b, and c above may be available through open solicitation as advertised by the District; however, the APCO may consider reserving or making available funds for other project categories as the need or interest arises. In all cases, project funding decisions will be made in consultation with community input.

As outlined in Chapter 6 of the CAP Guidelines, the District may prepare and submit a project plan for CARB's review and approval to fund additional stationary source categories beyond those already contained in the CAP Guidelines. The District will not consider such projects until CARB approval of the Project Plan. The CAP PPM will be updated prior to funding the stationary source projects to include the administrative tools that are needed to manage the projects, including project review and selection criteria, reimbursement procedures, inspections, monitoring and enforcement, contract development, etc. The CAP PPM will be updated as needed with current program implementation practices, reviewed at least once a year, and made available to CARB staff and the public.

The District will provide information associated with the control technology (e.g., costs, emissions data, etc.) upon request from CARB.

- 2) Project Solicitation and Review— Refer to Moyer PPM Section VI and VII. The CAP Incentive funding timeline for District allocation determinations and grant awards will vary from year to year in response to the Governor's State Budget appropriation, and the CARB Board's approval of new selected communities. Dates for completion of disbursements and liquidation for each year's grants may change from year to year according to deadlines included in Legislative direction and will be noted in the Grant Agreement for each air district each fiscal year.

To support timely emission reductions and track progress toward statutory fund liquidation requirements, the District and CARB will work together to meet recommended progress milestones as follows. The first milestone is for an air district to have 50 percent of the awarded project funds under executed contract. The second milestone is for an air district to have 100 percent of the project funds under executed contract and 50 percent of project funds liquidated. The third and final milestone is for an air district to have 100 percent of project funds liquidated.

Progress will be reported in Yearly Reports and monitored by CARB and District staff in the months prior to the Yearly Report. CARB will determine exact milestone dates for each Yearly Report based on the applicable Legislative deadline given for each appropriation of CAP Incentives, and the District will make every effort to achieve these milestones. Refer to the table below as an example of progress milestone dates for CAP Incentives appropriated in fiscal year 2021-22 with a liquidation deadline of four years.

Example Milestone Dates for CAP Incentives Appropriated in Fiscal Year 21-22

Milestone Number	Milestone	Date of Milestone
1	50% of project funds under executed contract	June 30, 2024
2	100% of projects under executed contract	June 30, 2025
3	100% of grant funds liquidated (required)	June 30, 2026

The solicitation for projects and associated timelines are determined by the APCO. The solicitation timeline will be posted on the District’s CAP webpage, emailed to a contact list, and advertised where applicable. Solicitation outreach will be conducted as specified in Section O of this document to reach priority populations. The timing of solicitations will be coordinated to meet the progress milestones dates in the grant agreement and associated with the fiscal year the CAP funds were appropriated.

The District’s Incentive Programs are implemented through a Request for Proposal, or solicitation process, and projects are funded based on meeting the cost-effectiveness requirements and/or other criteria until funds are exhausted. Solicitations for the CAP and Moyer programs may be combined, and projects may be funded under the appropriate program. Application forms are available on the District website, District office, or by request via email or U.S. Mail, during the solicitation timeframe. Outreach and solicitation efforts will be directed by the CAP Program Administrator. More than one CAP funding solicitation may occur, depending on available funds.

Through Board resolution, the District Board authorizes the APCO to accept funding and to approve projects that meet CAP eligibility and cost effectiveness requirements as stated in the Guidelines. The District Board authorizes the APCO to execute agreements and make modifications to the applications and agreements for the purpose of maintaining consistency with the State program.

The District has a commitment to outreach to all sectors, including small businesses and priority populations to the best of its ability. This is accomplished through public workshops and meetings, one-on-one meetings, publications of funding availability, District mailing lists, and through the District website. The District maintains documentation of all outreach efforts. This documentation is kept in a general Incentive Program file (either digitally or hardcopy), to be available for reporting and for any Incentives Program Review.

District activities to ensure transparency in program implementation are detailed in Section O of this document.

C. Applications, Evaluations, Selection and Outreach

- 1) Project Applications and Application Evaluation – Refer to Moyer PPM Section VI and VII, project applications will include the information needed for the calculation and evaluation of projects and to populate the necessary fields within CARL, including the CAP administration supplemental form within the CARL database.

Existing engine usage will be evaluated as specified in the Moyer PPM Section XI, Documentation and Determining Historical Usage and Project Life.

All applications must include a disclosure statement identifying whether the applicant has applied to other entities for funding and identification of the potential funding source(s). In addition, the applicant must certify that no other funding has been received for the project and complete the regulatory compliance statement.

The project application(s) will conform to all the requirements of the Guidelines and will be available on the District website and the CMP PPM Appendix by project type.

- 2) Project Evaluation and Selection – Refer to Moyer PPM Section VII, after reviewing applications for project eligibility, the District will follow CARB Grant Agreement requirements and its PPM, including provisions to ensure engagement of community members in selecting projects and seek to support project applications consistent with community input and comment whenever feasible. Projects approved for funding will meet all applicable requirements of the Guidelines.

The District will ensure each project selected for CAP Incentive funding will meet the emission reduction and cost-effectiveness requirements outlined in the Guidelines. In cases where the CARL database indicates these requirements are not met, the District representative will contact his or her CARB liaison to reevaluate project eligibility.

- 3) Public Outreach and Community Input

The District will conduct community outreach to determine the types of projects communities are most concerned with regarding air quality. The District will provide direct outreach to groups of potential applicants in disadvantaged and low-income communities to increase awareness of funding opportunities. The District may also conduct outreach in or near disadvantaged communities to seek input on important community needs from local residents and community-based organizations. Community outreach information will be documented for inclusion in disbursement requests and semi-annual reports. Priorities identified by community members and organizations will be documented.

A map of Disadvantaged Communities (SB 535 (De Leon, Chapter 830, Statutes of 2012)) and Low-income Communities (AB 1550 (Gomez, Chapter 369, Statutes of 2016)) is available at <https://ww3.arb.ca.gov/cc/capandtrade/auctionproceeds/lowincomemapfull.htm>.

D. Application Notification (Refer to Moyer PPM Section IX)

Once the APCO has determined the tentative award amount for selected projects, the CAP Program Administrator will contact all applicants, in writing by mail or email within 14 days, to let applicants know whether their project(s) was selected for funding or not.

E. Project Selection (Refer to Moyer PPM Section VII)

In addition to the project selection procedures identified in the Moyer PPM, projects selected for CAP Incentives funding will ensure transparency in project selection and reporting as outlined in Sections M and O of this PPM. Funding priority will be given to projects that will reduce air pollution in AB 535 and AB 1550 communities, the communities with the most significant exposure to air pollution.

Projects received during a solicitation will be competitively reviewed and evaluated for funding based on, general eligibility, cost effectiveness, maximum funding caps as outlined for each source category, and available incentive funds. Community input will be collected from public workshops to ensure the projects align with community priorities.

F. Earned Interest (Moyer PPM Section XIX)

The District deposits CAP Incentive grant funds into a restricted account that accrues interest. The interest is tracked using the Fiscal Year Method and received and recorded quarterly following Generally Accepted Accounting Principles (GAAP). The interest earned from CAP funds is added to the District's available CAP project funds and expended according to the current Guidelines. Interest earned on previous year CAP funds is carried over to the following year project funding total and only used for eligible grant-related expenses. All interest earned is used to support projects selected through the process described in Section E. The District may retain a percentage of interest earned for administrative purposes, which may vary by fiscal year according to requirements of statute or State guidelines, as specified in grant agreements between the District and CARB. Interest earned on CAP administrative funds is used for the administration of the CAP Program up to the portion provided for in the grant agreement. Any amount which exceeds this portion will be budgeted as project funds or returned to CARB.

The District will report to CARB annually the interest earned on CAP Incentive funds during the previous fiscal year. The amount reported is added to the CAP Incentives target based on the fiscal year in which it accrued, with a liquidation period equivalent to the amount of time given to liquidate that fiscal year appropriation. Documentation of the interest earned will be retained for a minimum of three years following its generation and liquidation.

The District does not salvage and sell scrapped portions of old equipment, so there are no other non-grant revenues to track in a subsidiary revenue ledger, report to CARB or retain as a supplemental source of funds for CAP Incentives projects.

G. Payment of Projects (Refer to Moyer PPM Section XIV)

Except as specified below, the District will approve a project for reimbursement only after the conditions of reimbursement, outlined in the grantee's agreement, are met and after the District performs a post-inspection to verify the project is complete and operational. The grantee must

provide an invoice itemized in sufficient detail to ensure only completed and eligible project costs are reimbursed. Other sources and amounts of funding for the project shall be reviewed to ensure the sum of all project funds does not exceed the total project cost. Exceptions are limited to progress or partial payments in cases where the grantee provides the District with sufficient evidence of completing milestones specified in the agreement, consistent with conditions specified in this PPM or the Moyer PPM. The District maintains a clear record of progress payments in the project file and in records of the District's administration or fiscal unit. Progress payments include final payments that are withheld until all reporting requirements are met (also known as "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 are addressed in the project's contract. 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.

H. Verification of Destruction (Refer to Moyer PPM Section XII(3), XIV)

For mobile source projects, destruction will be verified as specified in Moyer PPM Section XII(3) and XIV and as required by the source category in the Guidelines.

I. Program and Project Files and Photograph Storage and Retrieval (Refer to Moyer PPM Section XX)

The CAP program and project files, including photographs, will be maintained in accordance with the procedure outlined in Moyer PPM Section XX. Photographs will be included, stored, and available for retrieval as required by the source category in the Guidelines as well as the Moyer PPM.

J. Annual Grantee Reports (Refer to Moyer PPM Section XVII)

During the project implementation phase, the District is responsible for monitoring the project to assure the project is operational and the project emission reductions and other benefits are realized.

All agreements include provisions for grantees to submit annual reports, commencing no later than 13 months after the project post-inspection and continuing annually thereafter throughout the project implementation phase of the agreement.

The agreement and project folder will include the dates the grantee's annual monitoring report is due and the agreement shall include language addressing project non-conformance.

- 1) For mobile source projects, the grantee's annual report will include the following information:
 - a. Grantee name, address, and telephone number.
 - b. Information needed to uniquely identify the project engine, 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. Except for projects in which usage is not required to be specified in the contract, if usage is more than 30 percent below that identified in the project application, the grantee must describe any conditions that are likely to have affected project usage, such as weather, permits, or major maintenance. In instances where annual usage is significantly lower than the contracted level due to unforeseen circumstances beyond the control of the grantee, the grantee may request a waiver from the District per the Usage Threshold and Waiver Procedure.

The District will review the annual report for completeness, accuracy, and reported usage, and will maintain in the project file a copy of the report that is initialed and dated by the reviewing staff.

2) Infrastructure projects are subject to the annual reporting requirements listed below:

- a. Solar or Wind Power Generating Equipment: For infrastructure projects that incorporate solar or wind power generating equipment, the grantee must annually provide to the air district the amount of electricity generated (e.g., kilowatt-hour) from the solar or wind power generating equipment for the duration of the project life.
- b. Battery Charging Station - Grantee must annually provide to the air district the following data for the entire project life:
 - i. Qualitative description of public and private uses.
 - ii. Annual usage per charger (e.g., kilowatt-hour) and the number of plug-in events.
 - iii. Any unscheduled downtime, including duration of downtime and causes of downtime.
- c. Stationary Agricultural Pump - Grantee must annually provide to the air district the following data for the entire project life:
 - i. Annual usage (e.g., kilowatt-hour) using an energy meter.
 - ii. Episodes of electrical service interruption by the local utility company.
- d. Alternative Fueling Station - Grantee must annually provide to the air district the following data for the entire project life:
 - i. Annual usage (e.g., kilograms, standard cubic feet).
 - ii. Any unscheduled downtime, including duration of downtime and causes of downtime.

If an annual report is incomplete, inaccurate, or not received from the grantee on schedule, the District will make a reasonable attempt to obtain a complete and accurate report from the grantee. If the District is unable to obtain the report, the District will identify the project for audit as described in Section XV of the Guidelines.

Grantees that have not submitted complete required reports or met contractual requirements will not be granted funds for new CAP Incentives projects until all reports are satisfactorily submitted and contractual requirements are met.

K. Historical Mobile Source Annual Usage (Moyer PPM Sections XI)

The types of acceptable documentation for establishing historical annual usage are found in the Moyer PPM Section XI. Projects must operate at least 75 percent of total usage in the District.

L. Nonperforming Grantees (Refer to Moyer PPM Section XVI)

The District will work with the grantee when a project is not meeting operational and usage expectations set forth in the application and contract, to ensure CAP Incentives project requirements are met and emissions reductions are achieved as specified in Moyer PPM Section XVI. The District may consider unforeseen circumstances beyond the grantee's control in determining repercussions for nonperformance.

The contract requires grantees to notify the District if there is a change in the usage of funded equipment or if equipment is removed from service. District staff will collect a written statement (email or letter) from the grantee explaining the status of the equipment, including the dates the equipment was removed from service, and the usage meter readings at the time if available.

Equipment Out of Service. The District will address situations where funded equipment has been removed from service as described below.

- 1) Sale of the funded equipment: If the grantee no longer owns the funded equipment, the grantee will either (a) return to the District a pro-rated amount of grant funds as specified in the project contract, or (b) work with District staff and the new equipment owner to transfer the terms of the contract to the current owner through a successor agreement.
- 2) Removal of equipment from the District: The grantee will work with District staff to determine how much the equipment has operated outside of District boundaries relative to contract requirements. District staff will consider whether the change of location is temporary or permanent when considering next steps. Relocation of the equipment outside the District could result in the recapture of grant funds.
- 3) Equipment stolen or not operational: The grantee is required to maintain the funded equipment, and ensure it is operational throughout the project term. If the equipment is not operational, the grantee must repair the equipment, replace it with an emissions-equivalent piece of equipment (as clean, or cleaner than the funded equipment), or repay a pro-rated amount of grant funds to the District. If equipment is destroyed in an accident or is stolen, the grantee must provide appropriate documentation of the loss, which should include an insurance statement or police report. Before an equipment substitution is approved, District staff must first evaluate the proposed equipment to ensure that the emission reductions from the proposed equipment are equivalent or greater. After substitute equipment has been purchased, District staff will inspect this equipment and update project data to reflect the changes.

Equipment with Inadequate Use. As required under CAP Guidelines, the District works to ensure emissions reductions are realized for the equipment it funds with CAP Incentives. District staff review each grantee annual report and conduct inspections of selected projects to check whether equipment is still being used in the expected locations and overall activity is at least 70 percent of levels specified in the contract. When average usage over a three- year period (or for the contract

period if less than three years) for a contracted engine, vehicle, fleet, or other equipment is less than 70 percent of the activity required in the contract, the District will discuss with the grantee appropriate remedial action.

To be considered for a usage waiver, the grantee must provide a written request to the District along with documentation that substantiates the need for the waiver and verifies that higher-polluting equipment within the fleet is not consequently receiving more use and that the underutilization was due to unforeseen conditions beyond the grantee's control. The District will specify the length of time for which the waiver is valid. The waiver will not exempt the grantee from any contract requirement to provide annual usage reports. It will be documented in writing, approved by the APCO or designee, and included in the project file.

For projects that include multiple pieces of equipment or engines, the District may review and recalculate the funded equipment collectively to see if the project as a whole has performed as expected. A waiver is not required in this event.

M. Additional District Program Requirements

These program requirements will be specified in the applicable sections of the Moyer or CAP PPM. District program requirements that are more stringent include, but are not limited to, percent time of operation in the District, project life, and annual report submittal deadlines.

N. CARB-Approved District Program Elements

All program elements currently do not vary and are consistent with those required by applicable State guidelines and Mail-Outs. The District will obtain CARB approval for elements that vary from those required by applicable State guidelines and Mail-Outs.

O. California Climate Investments Funding Guidelines Consistency (CCI Funding Guidelines Section IV)

The District will incorporate the following key items into the CAP program administration to support the requirements specified in California Climate Incentives (CCI) Funding Guidelines:

1) Identify Program-Specific Statutory Requirements

The District will identify all applicable requirements as they develop and implement program(s) to ensure consistency with statute.

2) Ensure Coordinated Communication

The District will create a designated webpage for the CAP Incentives Program. This page will include a general overview of the program, links to program related resources, announcements for public workshops and community outreach events, solicitations, applications and serve as public notification of proposed CAP Incentives projects.

Outreach products such as websites, announcements, signage, invitations, publications, press releases and other media-related public-outreach products will include recognition of funding through California Climate Investments logo, as applicable, funding source acknowledgement statement. The email address CCIpress@arb.ca.gov will be included on any distribution lists and the @CAClimateInvest Twitter handle will be posted on the CAP Incentives webpage. The funding

source acknowledgment may be truncated to accommodate space-limited announcements. Program events including meetings, public comment periods, solicitations, and deadlines may be posted to the California Climate Investments Events at www.arb.ca.gov/cci-events.

Funding recipients will be provided with decals or other signage that include the California Climate Investments Logo to identify the funding source on vehicles, equipment, and consumer-based incentives.

3) Support Transparency and Provide Public Access to Information on Program Activities and Outcomes

To support transparency, the District will maintain the CAP Incentives webpage that provides up-to-date program information, including:

- a) Funding opportunities. Provide information on funding opportunities, schedules, and application materials that are easily accessible to interested parties and potential applicants, including those in disadvantaged communities, low-income communities, and low-income households. The District may announce funding opportunities using the California Climate Investments Events Calendar available at: www.arb.ca.gov/cci-events.
- b) Public outreach events. The District will publicize workshops, community meetings, public hearings, and other outreach events through the District's website, CAP Incentives webpage and through other mediums when appropriate. The District will collaborate with our community partners and local government in impacted communities. The District will coordinate with agencies and organizations and utilize their media outlets, outreach tools and information dissemination channels to enhance and broaden our efforts. The District may consider publicizing event notices via local radio, online ads, news stations, or post information in public locations (e.g., schools, libraries, community centers, medical clinics, bus stops or other transit hubs, grocery stores).
- c) Publicly available information: Materials related to public CAP outreach activities will be posted online (e.g., agendas, presentations). A mechanism will be available for the public to ask questions before an event or to submit comments. To encourage increased stakeholder participation, the District will make an effort to provide materials in other languages or provide language interpretation services. For general inquiries, CARB's bilingual (Spanish) email (info@caclimateinvestments.ca.gov) and phone hotline (800-757-2907) are available for those who need bilingual services. Outreach information may be posted to the California Climate Investments Events Calendar, www.arb.ca.gov/cci-events.
- d) Submitted CAP project applications - prior to funding decisions: The District will post basic information pursuant to the Guidelines about all applications and/or proposals submitted for consideration. The District will post this information on the CAP Incentives webpage at least ten days before the APCO makes funding determinations.

For each solicitation:

To inform the public about the factors that will influence the District's project selection and list key eligibility requirements for CAP program participation, the District will include a reference or website link to this document and the Guidelines on the District's CAP Incentives webpage.

- e) Final project selections – after funding decisions: The District will post a list of all project applications received, including those not selected for funding, and tentative awards.
- f) Points of contact and resources for information and technical assistance: The District will provide contact information, on the District's CAP Incentives webpage and outreach materials, for the public and other interested parties to make inquiries or to obtain additional information. The District will also make available resources which may provide additional program information to assist prospective applicants.
- g) Project results, including GHG emission reductions and co-benefits: The District will provide a link to the California Climate Investments website for the Annual Report to the Legislature (www.caclimateinvestments.ca.gov/annual-report) and the CARB website for the online map (www.arb.ca.gov/ccimap). Interested parties can access grant project locations (e.g., address, census tract), funding amounts, GHG emission reductions, co-benefits, and benefits to priority populations.

4) Establish Policies and Procedures for Project Monitoring, Accountability, and Audits

The District has established policies and procedures for project monitoring, accountability, and audits. District audit of funded projects will be conducted in accordance with the procedure in Moyer PPM Section XV and procedures for monitoring for non-performance are specified in Moyer PPM Section XVI. Project agreements specify that funding recipients will allow the District, CARB, or their designee to conduct inspections and audits of equipment and associated records during the contract term and make records available, if requested, to support project review or audits. In addition, contracts require the recipient to maintain and retain usage and other records associated with the project for at least three years after the end of the contract term. This information is detailed in Moyer PPM Section X, Contract Development.

The District retains administrative records for direct and indirect implementation costs for a minimum of five years following the funds liquidation deadline for the grant. These records will be available for review during CARB or other State agency monitoring visits, reviews, and audits. District staff and management will ensure that program files and other requested information is available and work to fully and promptly mitigate deficiencies identified during a review or audit and work to resolve any disagreements and request assistance from CARB, as necessary.

5) Conduct Public Outreach and Encourage Community Engagement, Particularly for Priority Populations

The District recognizes outreach to stakeholders and the public is a vital component of CAP Incentives and California Climate Investments (CCI) programs, particularly those targeted to benefit priority populations. There is a great deal of public interest in learning about funding opportunities. When conducting outreach and engaging community members, particularly for targeting investments to priority populations, the District and its partners will:

- a) Designate the CAP Program Administrator as staff responsible for program outreach and partnership development with and between community groups and the program point of contact to provide program-specific information, including funding opportunities, program application requirements, eligibility determinations, respond to questions from interested project applicants, including questions related to program access, and technical assistance with applications. The CAP Program Administrator will refer program inquiries and interested parties to the CARB provided coordinated California Climate Investments program-wide awareness outreach including a bilingual (Spanish) email (info@caclimateinvestments.ca.gov) and phone hotline (800-757-2907) as needed.
 - b) When necessary, the District will partner with appropriate third-party entities, to provide program-specific technical assistance to potential applicants, including community organizations and local government entities, to develop projects and prepare and submit applications.
 - c) Incorporate a variety of outreach and engagement efforts to reach a broader audience, including workshops, community meetings, surveys, list serves, website, social media and partnerships with key community leaders and organizations through ongoing communication.
 - d) Conduct outreach and engagement that improves accessibility for community members. The most effective approaches to improve access will be identified and may include attending existing meetings of community groups, informational tables at community events or places communities normally gather, hosting meetings during the evening or other convenient times, providing materials in other languages, and/or providing interpretation services and opportunities for public input in multiple formats.
 - e) Identify strategies best suited for the program and project type that encourage applicants and funding recipients to conduct community engagement to the extent feasible. Examples of potential community engagement strategies that will be considered include engaging with community leadership and decision making; community collaboration and partnership; outreach, education, and consultation to inform, educate, learn from the community, and consider their input in initial stages of project development and design.
- 6) Meeting Investment Minimums As California Climate Investments, CAP Incentives provide the opportunity to yield significant benefits to communities that are exposed to multiple sources of pollution, disproportionately burdened by the impacts of climate change, and are particularly vulnerable to environmental pollutants. Statewide, at least 70 percent of CAP Incentives must be invested in projects located in and benefitting disadvantaged (SB 535) communities, and an additional 10 percent in projects located in and benefitting either disadvantaged communities or low-income (AB 1550) communities or households.

The District uses a three-step approach under CCI Funding Guidelines to evaluate whether these benefits occur from each CAP Incentives project.

- Step 1: Identify the Priority Population(s). The project must be located within a census tract identified as a disadvantaged community or low-income community, or directly benefit residents of a low-income household;
- Step 2: Address a Need. The project must meaningfully address an important community or household need for the disadvantaged community, low-income community, or low-income household;
- Step 3: Provide a Benefit. Identify at least one direct, meaningful, and assured benefit from the evaluation criteria that the project provides to priority populations. The benefit provided must directly address the identified need.

The District reports the results of these evaluations by project, using benefit and co-benefit metrics specified in the CCI Funding Guidelines, when it reports to CARB on CAP Incentives projects. CARB considers the results of the District's evaluations with those of other air districts to determine whether CAP Incentives investment minimums have been met statewide.