

2022 COMMUNITY AIR QUALITY GRANT APPLICATION MANUAL

SACRAMENTO METROPOLITAN



AIR QUALITY
MANAGEMENT DISTRICT

OCTOBER 2022



**SAC METRO AIR DISTRICT
TRANSPORTATION & CLIMATE CHANGE
DIVISION**



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Executive Summary

The Sac Metro Air District has over \$22 million in mobile source incentive funding to improve air quality in Sacramento. This funding is only available for applicants in Sacramento County. The application period will open on November 1, 2022. Applicants are encouraged to develop their proposals now. The primary purpose of this funding is to promote zero emission equipment use instead of diesel in communities impacted by air pollution, however applications are accepted for other categories.

Funding will be available to replace existing heavy duty vehicles with zero and near-zero emission trucks and buses, install low carbon fueling infrastructure, replace older farm tractors, upgrade locomotives, and other eligible projects. Applications are open to private companies, government agencies, and others to promote clean transportation and goods movement in Sacramento. Any applications not funded initially may be used to advocate for more funding in the future, so please apply for any projects.

Three programs – Community Air Protection Incentives, Carl Moyer Program, and Funding Agricultural Replacement Measures for Emission Reductions (FARMER) – represent most of this funding. While each funding source has its own guidelines, the programs generally use the Carl Moyer Program guidelines for project eligibility. Air districts can choose to fund specific project categories, and the Sac Metro Air District will exercise this option. These options will be explained in each program section.

The Sac Metro Air District will accept electronic applications beginning November 1, 2022. Projects will be evaluated by staff including potential inspections of existing equipment. Applicants selected for funding will enter into grant agreements and proceed with funding.



Funding Overview

The Sac Metro Air District will use the following sources of funding for this solicitation:

- Community Air Protection Incentives – \$6.8 million
 - Funding from California Air Resources Board
 - Funded by Cap & Trade Auction Proceeds
- Carl Moyer Program - \$12 million
 - Funding from California Air Resources Board
 - Funded by vehicle registration and tire fees
- FARMER Program - \$1.1 million
 - Funding from California Air Resources Board
 - Funded by Cap & Trade Auction Proceeds
- Local DMV Surcharge Funding – \$2 million
 - The Sac Metro Air District may also use local DMV surcharge funding for applications under this solicitation
 - Actual funding will be based on project demand and community priorities

Generally, applicants do not need to choose a specific funding source when applying for their project. Some project types cannot be funded with certain funding sources, and some funding sources may offer a higher funding amount than others. Staff will work with applicants to identify the best funding sources for their application to best leverage available funding and meet community needs while providing maximum funding for the project. To assist applicants, the following table shows the maximum funding by project type and funding source. Please note that actual awards are often lower than the maximum funding.

Project Type	Community Air Protection Incentives	Carl Moyer Program	FARMER
Farm Tractor Replacement (Sac County Only)	N/A	Up to 80% of tractor cost	Up to 80% of tractor cost
Heavy Duty Truck Replacement*	Up to \$410,000 for ZEV truck	Up to \$410,000 for ZEV Truck	N/A
Locomotive Engine Repowers	Up to 75% of switcher repower cost	Up to 75% of switcher repower cost	N/A
Low Carbon Fueling Infrastructure	Up to 60% for most projects	Up to 60% for most projects	N/A
Rough Terrain Forklift Replacement	N/A	Up to 80% of forklift cost	N/A
School Bus Replacement	Up to \$400,000 for zero emission school bus	Up to \$400,000 for zero emission school bus	N/A
Zero Emission Transport Refrigeration Units	Up to 80% of cost	Up to 80% of cost	N/A
Zero Emission Utility Vehicle Replacement	N/A	N/A	Up to 75% of eUTV cost up to \$13,500

* Note: this includes all vehicles with a class 4 weight rating and above including buses, micro shuttles, refuse trucks, and other similar vehicles.

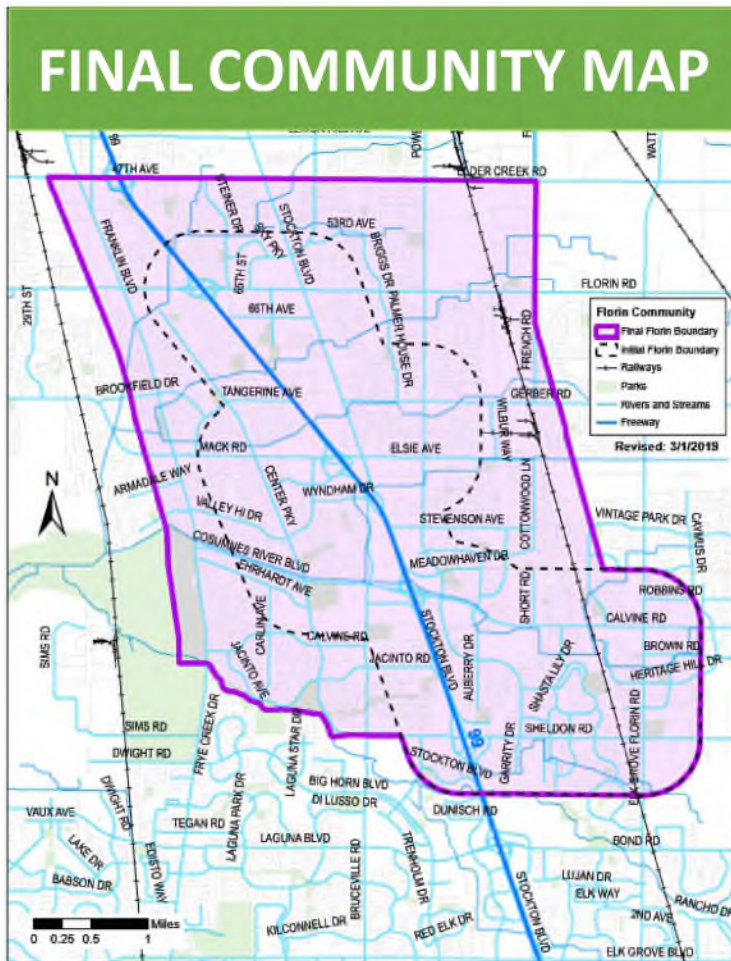
This list does not include all project types. Further details are in each funding section. Please contact staff if you plan to use or apply for other grants as part of your application.

Special note for ZEV and natural gas vehicle applications: Applications to purchase zero emission vehicles or natural gas vehicles must describe how the applicant plans to fuel the vehicles. Projects planning to fuel using private infrastructure must show that the fueling equipment is currently under construction and will be ready prior to vehicle delivery. Projects planning to use public infrastructure must disclose which stations they will use. The Sac Metro Air District may reject applications if fueling infrastructure is not secured.

Additional note for Low Carbon Fueling Infrastructure: Applications to install low carbon fueling infrastructure must include documentation from the Sacramento Municipal Utility District or the Pacific Gas and Electric Company showing the project has filed an application including payment of any required fees under Rule 16 or documentation showing the project is exempt from Rule 16 requirements. This applies to all battery charging, natural gas, and hydrogen stations. Please note this may require payment of fees and wait times of up to 6 months which may delay the date the Sac Metro Air District can accept an application. The Sac Metro Air District will not hold applications pending approval and may reject applications that are not ready. All approvals must be done prior to application.

Community Air Protection Incentives

In 2017, Governor Brown signed Assembly Bill 617 (C. Garcia, Chapter 136, Statutes of 2017) to develop a new community-focused program to more effectively reduce exposure to air pollution and preserve public health. This bill directs the California Air Resources Board (CARB) and all local air districts, including the Sac Metro Air District, to take measures to protect communities disproportionately impacted by air pollution. There are five central components to the new AB 617 mandate: community-level air monitoring, a state strategy and community specific emission reduction plans, accelerated review of retrofit pollution control technologies on industrial facilities subject to Cap-and-Trade, enhanced emission reporting requirements and increased penalty provisions for polluters.



On September 27, 2018, CARB selected 10 communities across the state to be the first communities to develop and implement a community emission reduction plan and/or an air monitoring plan. The South Sacramento/Florin community was one of the 10 to be selected. This community is a part of the implementation for the State's Community Air Protection Program for air monitoring.

The state Legislature set aside funds for air quality improvement projects to accompany AB 617 Community Air Monitoring efforts. This funding is being implemented through the Community Air Protection Incentive (CAPI) Program, which is a separate, but a counterpart effort to the AB 617 Community Air Protection Blue Print and designated AB617 South Sacramento/Florin Air Monitoring Community.

The Sac Metro Air District has received a total of \$23 Million for the CAPI program. The first

year (2018-2019), expanded the District's current Carl Moyer Program and the Goods Movement Emission Reduction Program. Both these programs help public agencies and businesses purchase less polluting heavy duty engines and equipment, such as, trucks, buses, trains, off-road equipment, and zero-emission charging stations. For the second year (2019-2020), the CAPI Guidelines allowed incentives for projects that reduce air pollution at hexavalent chromium plating facilities and schools.

For the fourth year (2021-2022), the Sac Metro Air District will continue this success with another round of funding. Over \$6 million in funding will be available for projects that reduce air pollution in the Florin-South Sacramento Community and other Disadvantaged Communities in Sacramento County. Projects must have community support and meet identified community needs for air pollution reduction.

Eligible categories are listed below:

- Carl Moyer Program Eligible
 - On-Road Heavy Duty Vehicles
 - Replacing school buses, refuse trucks, delivery trucks, and other community vehicles with zero or near-zero emission replacements
 - Must not be required by ARB regulations
 - Funding is not available to purchase diesel trucks
 - Publicly Accessible Low Carbon Fueling Infrastructure
 - Partial funding for low carbon fueling infrastructure meeting strategic community needs

Applications must include all requirements outlined in both the CAPI and Carl Moyer Program guidelines. The Sac Metro Air District conducted several surveys and workshops with the community to determine local priorities for funding. While this process is ongoing and will include future projects not currently available, community priorities for funding are:

1. Cars/Light Duty Vehicles
 - a. This priority can be addressed with publicly accessible low carbon fueling infrastructure to support zero emission cars.
2. Heavy Duty Trucks
 - a. This priority can be addressed with replacing existing diesel trucks with zero and near-zero emission trucks, especially community vehicles that travel within residential neighborhoods.
 - b. Funding low carbon fueling infrastructure will also help promote the use of cleaner heavy duty trucks in the community.
3. School & Transit Buses
 - a. This priority can be addressed with replacing school buses with electric replacements.
 - b. Transit buses in Sacramento already run on renewable natural gas and are among the cleanest vehicles in the community and are not typically eligible for CAPI due to regulatory issues with the Innovative Clean Transit regulation, but the Sac Metro Air District is working to deploy zero emission transit vehicles under other programs.
4. Other Project Categories
 - a. Many of the eligible project categories also have substantial community benefit even though they may not be a top priority.
 - b. Project applicants in these categories will need to show specific community support for their application.
 - c. Please contact District staff if you are interested in other project categories before applying.

Selection and review of the applications is described in the Project Selection and Funding section of this document. Please ensure that your application includes the following documents scanned into PDF format to attach to your online application:

1. Completed Online Incentive Application
2. Letter showing community support for the project (optional)
3. SMAQMD Vendor Payee Data Record and ACH Forms with Cancelled Check or Bank Letter
4. For On-Road Projects:
 - a. Certificate of Compliance from California Air Resources Board (CARB) TRUCRS Database
 - b. Copy of Current DMV Vehicle Registration for each vehicle
 - c. Copy of Old Vehicle Title for each vehicle
 - d. DMV Vehicle Registration Information Record for each vehicle
 - e. Mileage Record showing the current odometer reading for each vehicle
 - f. Mileage Record showing the odometer reading from at least six (6) months ago for each vehicle
 - g. Copy of Vehicle Insurance Cards for the previous 24 months for each vehicle
 - h. Photograph of the manufacturer's tag found in the door jamb of the truck showing VIN and GVWR for each vehicle
 - i. Photograph of the current odometer reading for each vehicle

For more information about Community Air Protection Incentives, please visit the following links:

Sac Metro Air District Community Air Protection Website:

<http://www.airquality.org/Air-Quality-Health/Community-Air-Protection>

ARB Community Air Protection Incentives Guidelines:

<https://ww2.arb.ca.gov/our-work/programs/community-air-protection-incentives>

AB 1550 Disadvantaged & Low Income Community Interactive Map:

<https://ww3.arb.ca.gov/cc/capandtrade/auctionproceeds/communityinvestments.htm>

Carl Moyer Program



The Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) was established in 1998 to fund the incremental cost of cleaner-than-required heavy-duty engines. This program is named in honor of the late Dr. Carl Moyer, whose extraordinary dedication, hard work, vision, and leadership made this program possible. He created and masterminded this program, in a noble effort to unite business and government in the name of public interest to improve California's air quality.

The Sac Metro Air District receives funding from the ARB annually to implement the Carl Moyer Program. Air districts are required to fund projects according to the Carl Moyer Program guidelines, but they can also implement local restrictions suited to community needs. For this solicitation, the Sac Metro Air District has the following local restrictions:

1. Applicants must have a physical address within Sacramento County.
2. Funding is not available to purchase diesel on road heavy duty vehicles.
3. Funding is not available for leased vehicles or equipment.
4. The Sac Metro Air District must be listed as a lien holder on vehicle replacement projects through the contract term.
5. Heavy duty vehicle replacement projects – excluding school buses – must have a 2010-2017 model year diesel engine or any engine for non-diesel engines in the baseline vehicle.
6. Combustion school bus projects are capped at 50% funding for replacement buses with 0.05 g/bhp-hr NOx engines or cleaner. School districts cannot replace more than 15% of their total school bus fleet with vehicles that directly emit NOx.
7. Agricultural funding is only available for Sacramento County based projects.
8. Funding determinations are based on usage within the Sacramento Federal Nonattainment Area for ozone except for zero emission replacements which use total California usage.
9. Repower and retrofit applications will only be accepted for locomotives.
10. The Sac Metro Air District will not fund Light-Duty Vehicles, or Lawn and Garden Equipment Replacement under this application period. Future periods may include other options.
11. Applicants are required to deliver old equipment to Bar None Auctions in Sacramento – or another designated dismantler – to participate in this solicitation.

Subject to the local restrictions shown above, the Sac Metro Air District will accept applications for all projects described in the 2017 Revisions to the Carl Moyer Program Guidelines, including the 2022 updates. Selection and review of the applications is described in the Project Selection and Funding section of this document.

Please ensure that your application includes the following documents scanned into PDF format to attach to your online application:

1. Completed Online Incentive Application
2. Vendor Payee Data Record W9 and ACH Forms with Cancelled Check or Bank Letter
3. For On-Road Projects:
 - a. Certificate of Compliance from California Air Resources Board (CARB) TRUCRS Database
 - b. Copy of Current DMV Vehicle Registration for each vehicle
 - c. Copy of Old Vehicle Title for each vehicle
 - d. DMV Vehicle Registration Information Record for each vehicle
 - e. Mileage Record showing the current odometer reading for each vehicle
 - f. Mileage Record showing the odometer reading from at least six (6) months ago for each vehicle
 - g. Copy of Vehicle Insurance Cards for the previous 24 months for each vehicle
 - h. Photograph of the manufacturer's tag found in the door jamb of the truck showing VIN and GVWR for each vehicle
 - i. Photograph of the current odometer reading for each vehicle
4. For Off-Road Projects:
 - a. Certificate of Compliance from California Air Resources Board (CARB) DOORS Database or evidence that it is not applicable
 - b. Maintenance Records for off-road equipment showing service intervals and hour meter readings
 - c. Photograph of the current operational hour meter reading per existing equipment
5. For Low Carbon Fueling Infrastructure Projects:
 - a. Proof of Location Ownership or Lease
 - b. Rule 16 Application and Quote from Electric Utility
 - c. Timeline and Description of Permits and Local Agency Approvals for the Project
 - d. Site Design Documents
 - e. Description of the Fueling Infrastructure
 - f. Description of Equipment that will use the Infrastructure and Anticipated Use
6. Cost Quote and Specifications for New Equipment

For more information about the Carl Moyer Program, please visit the following links:

Sac Metro Air District Carl Moyer Program Website:

<http://www.airquality.org/Residents/Incentive-Programs/Carl-Moyer-Program>

ARB Carl Moyer Program Guidelines:

<https://ww2.arb.ca.gov/guidelines-carl-moyer>

FARMER Program

California’s agricultural industry consists of approximately 77,500 farms and ranches, providing over 400 different commodities, making agriculture one of the State’s most diverse industries. Producers, custom operators, first processors, and rental companies own and operate approximately 160,000 pieces of off-road, diesel-fueled, mobile agricultural equipment statewide, in addition to stationary equipment, and on-road vehicles used in agricultural operations. Even with increasingly more stringent emission standards on engine manufacturers, emissions from these vehicles and equipment are a significant source of air pollution. Reducing these emissions are necessary to meet federal ozone and particulate matter air quality standards, particularly in the Sacramento Valley where the agricultural sector is a vibrant and critical part to the local and state economy, but also contributes to the poor air quality.

In recognition of the strong need and this industry’s dedication to reducing their emissions, the State Legislature allocated funding to CARB to “reduce agricultural sector emissions by providing grants, rebates, and other financial incentives for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations.” CARB staff developed the Funding Agricultural Reduction Measures for Emission Reductions (FARMER) Program to meet the Legislature’s objectives and help meet the State’s criteria, toxic and greenhouse gas emission reduction goals. The FARMER Program Guidelines discuss the funding allocations for air districts, eligible project categories and criteria, program implementation details, and the justification for these investments.



The Sac Metro Air District has implemented FARMER funding for the first four years of the program and experienced overwhelming demand for funding, especially for the electric utility terrain vehicle (UTV) option. After reviewing all available funding, staff determined that the best use of FARMER funding in Sacramento was to only fund these electric UTV projects since they are very popular and promote the use of zero emission vehicle technology. Other projects like farm tractor replacement receive similar funding amounts under the Carl Moyer Program, so limited FARMER funding will be allocated to UTV only. In the event insufficient applications are received for UTV projects, the District reserves the opportunity to fund other projects eligible under FARMER except diesel on-road truck replacements.

Staff will follow the UTV requirements outlined in the ARB FARMER Guidelines to evaluate applications. Applications will only be accepted for farm operations with business addresses in Sacramento County as determined by tax liability purposes. Farmers based outside the county should contact other air districts for funding opportunities.

Selection and review of the applications is described in the Project Selection and Funding section of this document. Please ensure that your application includes the following documents scanned into PDF format to attach to your online application:

1. Completed Online Incentive Application
2. SMAQMD Vendor Payee Data Record and ACH Forms with Cancelled Check or Bank Letter
3. Maintenance Records for off-road equipment showing service intervals and hour meter readings
4. Photograph of the current operational hour meter reading per existing equipment
5. Cost quote and specifications for replacement electric UTV

For more information about the FARMER Program, please visit the following links:

Sac Metro Air District FARMER Website:

<http://www.airquality.org/Residents/Incentive-Programs/FARMER-Program>

ARB FARMER Guidelines:

<https://ww2.arb.ca.gov/resources/documents/farmer-program-guidelines>

Application Process

The application period will open on November 1, 2022. Applicants will enter most of the information through the online form found on each program page and upload attachments as needed for each funding stream. The Sac Metro Air District now uses Seamless Docs for all applications. Once complete, applicants will receive an email showing their application was received, including a copy of the application. The Sac Metro Air District recommends that applicants keep a copy of all application records. It is also recommended that applicants use a PDF app for their Apple or Android phones that can convert documents and pictures into PDF to make the process easier.



Applications will be processed generally in the order in which they are received. All applications will be reviewed by management to determine which funding sources are appropriate for each one based on the details of the project. Each funding source has detailed requirements that are described in this manual. Other grants may also become available which may also be used to fund applications with other requirements not listed in this manual. The Sac Metro Air District reserves the right to move applications

between funding sources as needed. In all cases, the purpose of this flexibility is to provide the best experience for our applicants and the community by funding projects as fast as possible while meeting all grant requirements.

If no funding is available for the application or the application does not meet community need or grant restrictions, staff may place the application in a pending file or reject it based on the merits of the project. Priority will be given to projects that benefit Disadvantaged Communities using zero emission technology with a fast delivery timeline. The Sac Metro Air District may also give priority to projects that meet AB 1390 requirements as required by the California Air Resources Board. Projects that have delivery timelines beyond 180 days or are not fully approved by local permitting agencies may be delayed or rejected.

All fleets/participants are encouraged to apply as soon as their applications are ready for a complete submittal. Priority will be given to zero emission projects submitted through December 31, 2022. This includes vehicle and/or equipment replacement projects where the replacement vehicles are zero emission along with supporting infrastructure for zero emission vehicles and equipment. During this time, the Sac Metro Air District will give an additional priority to on-road applicants requesting zero emission technology who operate 10 or fewer vehicles (small fleets). Large fleet on-road applications will be reviewed for approval after December 31, 2022. Beginning January 1, 2022, all fleets/participants will be considered for funding opportunities and large

fleets who applied before this date with zero emission applications will be evaluated based on date received and the priority criteria outlined in the guidelines. As needed, the District may establish additional small fleet priority periods to comply with grant requirements with advance notice to all applicants.

Applications to purchase zero emission vehicles or natural gas vehicles must describe how the applicant plans to fuel the vehicles. Projects planning to fuel using private infrastructure must show that the fueling equipment is currently under construction and will be ready prior to vehicle delivery. Projects planning to use public infrastructure must disclose which stations they will use. The Sac Metro Air District may reject applications if fueling infrastructure is not secured.

Participants applying to install low carbon fueling infrastructure must include documentation from the Sacramento Municipal Utility District or the Pacific Gas and Electric Company showing the utility received an application and associated fee from the participant for Rule 16 analysis or provide documentation showing the project is exempt from Rule 16 requirements. Infrastructure applications received without this documentation will be rejected.

Applications missing information may be given 30 days to submit any incomplete or ineligible documents. Staff may also request additional information from applicants if needed to evaluate the project. If a project is selected for funding, the project may require a pre-inspection where the applicant will be contacted by one of our staff to coordinate an inspection of the equipment and site. In some cases, the applicant will be offered an award lower than the amount requested in the application or the maximum grant for the project. This reduction is done if the Sac Metro Air District does not have enough funding for the project or staff determines that the application does not qualify for full funding. If selected for funding, applicants will enter into a funding agreement with the Sac Metro Air District. The agreement will match the individual or business entity listed on the application and Payee Data Record.

Applicants must be compliant with state and local air quality regulations and will be checked. Most agreements have a term of 3-10 years with annual reporting requirements and penalties for non-compliance. Participants can reimburse a pro-rated amount of the funding for an early termination or transfer their agreements to other parties if in the best interest of air quality in the region. On-road vehicle projects require the Sac Metro Air District to be listed as a lien holder on the title, and all other projects require a UCC filing to secure interest in the equipment. These are released at the end of the agreement if all performance requirements are met.

Eligible applications not selected for funding will be placed in a pending file for future funding opportunities. If an applicant does not want their application to be held, she or he must contact the Sac Metro Air District to withdraw their application. The Sac Metro Air District may also forward applications to other agencies who may have funding for the project. Please contact staff if you have any questions about the application process.

Project Selection and Funding

For this solicitation, the Sac Metro Air District will generally use an open solicitation application process to select projects for funding. Applications will be accepted and reviewed on a continuous basis with evaluations done per application to determine funding priority. This is done to ensure a fair and transparent process to the public while allowing staff to select projects that can be delivered quickly for maximum community benefit. It also allows staff to ensure compliance with all requirements of state and local funding.

Priority will be given to projects based in Disadvantaged Communities (DAC). For most projects, the determination is based on the physical address of the projects using CalEnviroScreen 4.0. Transit and school bus projects are allowed to use bus stops to determine eligibility. Applications will be evaluated for DAC immediately to determine which funding source can be used for the project. Non-DAC applications may be rejected or subject to delay if no funding is available. Projects based in DAC may be funded sooner to meet funding and community needs. A map of DAC areas is available [here](#).

The California Air Resources Board also requires that at least 50% of Carl Moyer Funds be spent in AB 1390 designated areas. Most of these areas are DAC, but staff may give priority to non-DAC applications that meet the AB 1390 requirements. These applications would be funded sooner as needed. Applications not in AB 1390 areas may be rejected or subject to delay. The AB 1390 policy is available [here](#).

Priority will be given to projects that are zero emissions vehicles and/or equipment along with supporting infrastructure for these projects.

Priority will also be given to applications that can provide swift emission reductions to the community. This means that projects with short delivery and/or installation timelines and significant advanced preparation may receive priority funding if they meet all other requirements. Applicants are highly encouraged to submit complete applications that are ready to implement to receive priority review.

For each application, staff will meet with management to discuss which ones will be funded and which funding source will be used. Further input and information may be requested by staff to help with this process. This process may also be altered to meet funding deadlines if the overall community benefit is preserved. Staff will endeavor to make the process transparent and ensure that all applicants are given timely responses to their projects.

The application period will remain open until the Sac Metro Air District decides to close or modify the program. This manual may be used for future funding sources as determined by the Sac Metro Air District.

Contacts

For more information, please visit our website at:
<http://www.airquality.org/Businesses/Incentive-Programs>

Staff contacts for each program are listed on the website and the pages for each incentive program. The Sac Metro Air District now implements a remote work policy to protect employee health and reduce emissions. This means staff are primarily available by email with virtual telephones available as listed on the website. Applicants needing in person meetings must coordinate with District management. Additionally, staff works with regional equipment dealers who can provide additional assistance in applying for incentive programs.

