

**State of California
AIR RESOURCES BOARD**

**EXECUTIVE ORDER G-12-114
December 2012**

WHEREAS, sections 39600 and 39601 of the Health and Safety Code authorizes the Air Resources Board (ARB or Board) to adopt standards, rules, and regulations and to do such acts as may be necessary for the proper execution of the powers and duties granted to and imposed upon the Board by law;

WHEREAS, section 39003 of the Health and Safety Code charges the Board with coordinating efforts to attain and maintain ambient air quality standards, to conduct research into the causes of and solution to air pollution, and to systematically attack the serious problem caused by motor vehicles, which is the major source of air pollution in many areas of the State;

WHEREAS, sections 39666 and 39667 of the Health and Safety Code authorize the Board to adopt regulations and measures to reduce emissions of toxic air contaminants from vehicular and non-vehicular sources;

WHEREAS, sections 43013 and 43018 of the Health and Safety Code direct the Board to achieve the maximum degree of emission reduction possible from vehicular and other mobile sources, including marine vessels to the extent permitted by federal law, to attain State air quality standards by the earliest practicable date;

WHEREAS, chapter 3.2 commencing with section 39625 of the Health and Safety Code established the Proposition 1B: Goods Movement Emission Reduction Program (Program) to implement the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, also known as Proposition 1B, which authorizes one billion dollars (\$1,000,000,000) in bond-funded incentives for ARB to reduce emissions associated with the movement of freight along California's trade corridors;

WHEREAS, on February 28, 2008, the Board adopted ARB Resolution 08-12 approving the Proposition 1B: Goods Movement Emission Reduction Program Guidelines for Implementation;

WHEREAS, in Resolution 08-12 adopted on February 28, 2008 and Resolution 08-6 adopted on May 22, 2008, for Fiscal Year (FY) 2007-08 funds, the Board approved lists of primary local agency projects with corresponding Program funding amounts;

WHEREAS, in Resolution 08-12 the Board delegated authority to the Executive Officer, and his or her designee, to adopt additional conforming modifications as may be appropriate or as necessary to ensure consistency with the modifications approved by the Board, and directed the Executive Officer to bring proposed changes to the Board for further consideration if the Executive Officer determines that this is warranted;

WHEREAS, on March 25, 2010, in Resolution 10-18, the Board adopted updated Program Guidelines (Program Guidelines), including overall funding targets, priorities for the use of FY 2007-08, 2008-09 and 2009-10 funds, project specifications, and project implementation deadlines;

WHEREAS, on June 24, 2010, in Resolution 10-27, the Board approved the list of primary and backup local agency projects with corresponding Program funding amounts;

WHEREAS, in Resolutions 09-40 and 10-18, the Board affirmed the existing authority of ARB staff to interpret or clarify the Program Guidelines and delegated to the Executive Officer, or his or her designee, the authority to adopt changes to the Program Guidelines that he or she deems necessary to enable effective implementation of the Program, provided that such changes are consistent with statute and the goals established by the Board. The Board also directed staff to identify those changes when the Board considers the next comprehensive update to the Program Guidelines. These modifications can be found in Attachment A;

WHEREAS, in Resolution 10-27 the Board delegated authority to the Executive Officer or his or her designee, to select the projects to be funded from any recaptured funds and to enter into grant agreements with the local agencies, and to make appropriate changes to the truck equipment project specifications consistent with the intent of Program Guidelines based on new information;

WHEREAS, in Resolution 10-27 the Board directed ARB staff to closely monitor local agency implementation of grant agreements and implement recapture procedures if ARB staff believes that the grants cannot be fully utilized by the specified deadlines;

WHEREAS, in Resolution 10-27 the Board directed ARB staff to provide local agencies with supplemental procedures for cargo handling equipment/ships at berth projects as deemed necessary in order to ensure that these projects will be completed within the required timelines or funds recaptured and reallocated to truck or locomotive projects, while preserving the overall funding total in each trade corridor consistent with the Board-adopted funding targets. These supplemental procedures can be found in Attachment B;

WHEREAS, the Board adopted the Statewide Drayage Truck Regulation in December 2007 and the Statewide Truck and Bus Regulation in December 2008, which establish compliance dates for truck upgrades. These dates allow us to determine when Program-funded upgrades have to be completed to deliver the early or extra emission reductions required by the Program;

WHEREAS, in Resolution 10-18, the Board directed ARB staff to evaluate the specifications for truck projects following any Board amendments to the Statewide Truck and Bus Regulation and the Statewide Drayage Truck Regulation and recommend to the Executive Officer any changes needed. The Board delegated the Executive Officer

or his or her designee, the authority to make appropriate changes to the truck equipment project specifications, consistent with the intent of the Program Guidelines;

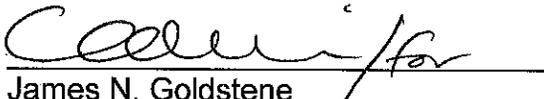
WHEREAS, the Board adopted amendments to the Statewide Truck and Bus Regulation and the Statewide Drayage Truck Regulation on December 17, 2010, revising compliance dates for truck upgrades. These revised dates replace the prior established dates which allow us to determine when Program-funded upgrades must be completed to deliver the early or extra emission reductions required by the Program;

WHEREAS, the staff evaluated the adopted amendments to the Statewide Drayage Truck Regulation and the Statewide Truck and Bus Regulations and revised project specifications to provide additional opportunities for incentive funding. The new specifications can be found in Attachment C and its addendum;

WHEREAS, in Resolution 11-40 adopted on December 16, 2011, the Board approved lists of primary local agency drayage truck projects and backup projects with corresponding Program funding amount;

NOW, THEREFORE, BE IT ORDERED that pursuant to the delegation of authority by the Board in Resolutions 11-40, 10-27, 10-18, 09-40 and 08-12, the Executive Officer hereby adopts the modifications to the Program Guidelines shown in Attachments A, B, C (including addendum) for implementation of local agency projects awarded FY 2007-08, FY 2008-09, FY 2011-12, and future funds.

Executed at Sacramento, California this 26th day of December 2012.


James N. Goldstene
Executive Officer

Attachment A
Changes to Proposition 1B: Goods Movement
Emission Reduction Program Guidelines
December 2012

**ATTACHMENT A
CHANGES TO PROPOSITION 1B: GOODS MOVEMENT
EMISSION REDUCTION PROGRAM GUIDELINES
December 2012**

I. LIMITED EXCEPTIONS TO THE PROGRAM GUIDELINES FOR THE IDENTIFIED PROJECTS RECEIVING FY 2007-08 FUNDS

A. Other Trucks – San Joaquin District – Grant G07GMCT1

- **Liquidation Extension.** Extend liquidation deadline from October 31, 2010 to December 31, 2010 to match approval given to other grants in this category.

B. Other Trucks – San Joaquin District – Grant G07GMCT3

- **Trucks with Previously Installed Retrofits.** Allow a one-time allowance for FY 2007-08 trucks (14 trucks selected for funding on G07GMCT3 ranked list) found to already have retrofits installed and not included in the emission reduction calculation. Applicants were provided the opportunity to remain in the Program without scrapping the truck by participating in a 3-way truck transaction and scrapping another truck without a retrofit within their fleet.
- **Liquidation Deadline Limited Extension.** Allow liquidation deadline of March 30, 2012 for those truck projects that signed contracts due to fallout from contracts signed before December 31, 2010 deadline.

C. Port Trucks – South Coast District – Grant G07GMLP3-03

- **Liquidation Extension for Cascade Sierra Solutions Green Lease/Green Loan Replacements.** Allow liquidation deadline of August 31, 2011 for one truck that was delayed due to Green Loan issues.

D. Other Trucks – South Coast District – Grant G07GMLT2

- **Streamline Application Review Process.** Allow the South Coast District to streamline the truck application review process for this grant only in order to meet the December 31, 2010 contracting deadline. The streamlining process includes directions for evaluating applications, mileage documentation, registration information, and pre-inspection scheduling.

E. South Coast and Bay Area Districts – FY 2007-08 Funds Only

- **Lease-to-Own Projects.** Allow the local agencies to convert projects funded as lease-to-own projects with Cascade Sierra Solutions to regular contracts with the truck drivers.

F. Other Trucks – All Local Agencies

- **Use of Fleet Compliance Prohibitions.** Program funded truck projects cannot be used in the equipment owner's compliance strategy until the dates outlined below.

		New Equipment Placed Into Operation by December 31 in:	May be Eligible for On-Road Truck & Bus Rule Fleet Compliance on December 31 in:
Port and Rail Yard (Drayage) Trucks	PM Retrofit	2010	2011
	Replacement or Repower	2010	2012
Other Trucks	PM Retrofit	2009	2010
		2010	2011
		2011	2012
	Replacement or Repower	2009	2012
		2010	2013
		2011	2014

G. All Truck Projects – All Local Agencies

- **Re-Certified Gross Vehicle Weight Rating (GVWR).** Allow the local agencies to fund projects that have a re-certified GVWR for those vehicles that were funded or were in the process of being post-inspected prior to or on April 18, 2011, when the Program released the GVWR clarification (FY 2007-08 only).

II. LIMITED EXCEPTIONS TO THE PROGRAM GUIDELINES FOR THE IDENTIFIED PROJECTS RECEIVING FY 2008-09 FUNDS AND FY 2011-12 FUNDS

A. Electrification Infrastructure for Truck Stops or Distribution Centers – All Local Agencies

- **Revise Funding Amount Requested.** Allow a one-time change in the amount of funding requested after the applications were received due to the delayed release of the updated calculator. No change in activity level is allowed.

- **Revise Eligible Applicants.** Allow truck stop electrification (TSE) technology companies to apply for funding of equipment and infrastructure (equipment) at truck stops or distribution centers. Similar to shore power projects, the TSE technology company would be considered the "equipment owner" and the truck stop/distribution center facility owner would provide site access and the parking spaces where the equipment will be installed. The facility owner must provide a project acknowledgement letter which agrees to allow: (1) the TSE technology company to install and operate the equipment for the entire term of the project; and (2) access to the site and the equipment for inspections during the entire term of the project. The TSE technology company must commit to signing a contract with the local agency. The contract must include the facility owner's project acknowledgement letter or obligate the TSE technology company to obtain a lease which includes the elements of the project acknowledgement letter.

B. Trucks Serving Ports and Rail Yards – South Coast District (Grant G11GMLP1) and Bay Area District (Grant G11GMBP1)

- **Streamline Application Process for Drayage Priority Reserve.** For the drayage priority reserve funds, use a streamlined application process, including: (1) Allow eligible drayage truck owners to submit applications directly to ARB; (2) Allow local agencies to waive the documentation requirement for vehicle miles traveled; (3) Simplify the vehicle registration check by using DMV data where possible; (4) Waive the pre-inspection requirement for trucks that previously received retrofit funding from the Proposition 1B Program or a local agency incentive program; (5) Allow truck owners to order replacement trucks before pre-inspection and/or contracting (at their own risk); (6) Shorten the obligation deadline to June 30, 2012 and the liquidation deadline to March 31, 2013; and (7) Allow drayage trucks with 2004-2006 engines to receive loan assistance if funds become available.
- **Project Life.** Fix an inadvertent change made via Board Resolution 09-40 to the project life for replacement of trucks serving ports and intermodal rail yards. The correct project life is at least 5 years or 350,000 miles, whichever comes first.
- **Reuse of Trucks with PM Filters.** Allow the San Joaquin District to be the lead agency for a Truck Reuse Program that will reuse drayage trucks being replaced with Proposition 1B Program funds. Drayage trucks that have been retrofitted with filters will replace older agricultural trucks that operate in the San Joaquin Valley and are not required to be upgraded for several years. Allow the Bay Area and South Coast Districts access to the retrofitted trucks to also replace agricultural trucks that will not be used by the San Joaquin District. The retrofitted trucks that are selected for reuse will not be subject to the Program Guidelines scrappage requirements. Trucks that are not selected for reuse and the older trucks being replaced must be scrapped per the Guidelines. ARB may provide additional guidance on retrofit reuse or recycling.

C. Other Trucks – All Local Agencies

- **Operational Deadlines.** For large fleets (4 or more trucks), allow the “Original Operational Deadline” of December 31, 2012 to be extended to a “Revised Operational Deadline” of March 31, 2013, if a new truck is ordered by August 31, 2012. If the Revised Operational Deadline cannot be met solely due to a manufacturer’s delay, the local agency may offer a one-time extension to June 30, 2013. To be eligible for these extensions, the applicant must submit documentation to ARB to demonstrate compliance with the January 1, 2013 requirements of the Truck and Bus Regulation.
- **Reduced Grant Option for Trucks without PM Filters.** Allow the grant amount to be reduced by \$15,000 for the replacement of trucks that were designated as “drayage” in their Program application, but cannot go to ports or rail yards because they do not have PM filters. This option is an alternative to installing a PM filter on the truck and then scrapping the retrofitted truck after the replacement truck is purchased.

D. All Truck Projects – All Local Agencies

- **Contracting Prior to Completion of Fleet Compliance Checks.** Allow the local agencies to sign contracts prior to completion of ARB’s fleet compliance checks for the Truck and Bus Regulation. The contracts must contain appropriate language that states funding for each project is contingent upon successful completion of the check which: (1) verifies fleet compliance with the 2012 and/or 2013 requirements, as applicable; and (2) states that the project is still eligible for funding.
- **Reduce Grants for Replacement Trucks if Program Funded PM Filters.** Clarify that the maximum grant amount for replacement trucks is reduced by the amount of Program funds previously received to install a PM filter.

E. All Categories – All Local Agencies

- **Local Agency Project Funding Requests – Requirements.** Remove requirement that the local agencies must have an approved contract template before they can request project funding. Local agencies are still required to obtain ARB approval of contract templates before executing contracts.

III. REALLOCATION OF FUNDS FOR THE IDENTIFIED PROJECTS RECEIVING FY 2007-08 FUNDS

- For some FY 2007-08 projects, districts were unable to obligate funds by the statutory deadline. The Program allows for reallocation of these funds. Allow a reallocation of funds from the following local agencies (at their request) to other grants. Funds reallocated to FY 2011-12 grants may only be used for projects on existing approved ranked lists from the spring 2011 solicitations.

From Local Agency	From Grant	To Local Agency	To Grant	Amount
San Diego District	G07GMSP2	South Coast District	G07GMLT2	\$123,876
		Sacramento District	G07GMCT4	\$193,174
	G07GMST2	South Coast District	G07GMLT2	\$2,487,553
		San Joaquin District	G07GMCT3	\$772,697
South Coast District	G07GMLP3-03	South Coast District	G11GMLT1	\$1,608,950
	G07GMLT2			\$2,216,279
	G08GMLL1			\$1,565,000
	G08GMLS1			\$1,326,875
Bay Area District	G07GMBS1	Bay Area District	G11GMBT1	\$433,710
	G07GMBT1			\$6,915,300
San Joaquin District	G07GMCT1 (early)	San Joaquin District	G11GMCT1	\$52,500
	G07GMCT3			\$1,244,777
Sacramento District	G07GMCT4	Sacramento District	G11GMCT2	\$752,053
San Diego District	G07GMSP2	San Diego District	G11GMST1	\$52,500
	G07GMST2			\$362,250
	G08GMSH1			\$384,714
Imperial County District	G07GMST3	Imperial County District	G11GMST2	\$1,174,701

- Reallocation of Funds.** Allow a one-time reallocation of \$6 million in ARB administration funds to local agencies that have sufficient project demand on existing approved ranked lists from the spring 2011 solicitations.

Local Agency	To Grant	Amount
South Coast District	G11GMLT1	\$3,300,000
Bay Area District	G11GMBT1	\$800,000
San Joaquin District	G11GMCT1	\$1,500,000
San Diego District	G11GMST1	\$200,000
Imperial County District	G11GMST2	\$200,000

IV. GENERAL MODIFICATIONS TO THE PROGRAM GUIDELINES

A. Program Administration

- **Streamline Database Entry.** Allow local agencies the option to not upload the following information to the Goods Movement Emission Database:
 - Pre/post inspection pictures.
 - Signature pages.
 - Inspection reports.

All of these items must remain in the project files and be available to ARB upon request.

- **Obligation and Expenditure Timeframes.** ARB staff may extend or shorten the obligation and expenditure deadlines from those listed in the Program Guidelines to allow for factors such as delays due to receipt of funds or upcoming regulatory deadlines that affect the schedule to implement the project. Extensions will not exceed statutory deadlines.
- **Expenditure Deadlines – Administration Funds.** Clarify that as part of the completion/close out for an equipment project, a local agency has a maximum of 4 years from the project contract date to liquidate all administration Program funds.
- **Prop 1B Accounts.** To assist with the tracking of interest earned from bond funds, ARB is requiring the local agencies to maintain Proposition 1B Program funds in separate accounts, starting in 2012.
- **Pre/post inspections – Use of Other Local Agencies.** In addition to an approved contractor, allow other local agencies with Program grant agreements to do pre/post inspections if they have experience administering goods movement grants for that specific source category.
- **Lease-to-Own.** Add language that requires that the disclosure of terms and conditions will be signed or initialed by lessee and this document shall be attached to the lease agreement.

B. All Trucks

- **90 Percent California Operation.** Allow applicants to choose the 90 percent California operation for all funding options (replacement, retrofit, repower, and 3-way).
- **Specifications.** Revise specifications due to the changes made to the Statewide Drayage Truck Regulation and the Statewide Truck and Bus Regulation per Attachment C, with minor adjustments included in the addendum. Modifications

include establishing a Proposition 1B definition of a drayage truck and expanding the funding options to include some class 7 trucks. These specifications are applicable only for the March/April 2011 solicitation and the drayage priority reserve approved by the Board in December 2011.

- **ARB Funded Projects.** Add language to clarify projects funded under these Programs (Proposition 1B, Carl Moyer, or Voucher Incentive Program) must have completed the existing contract obligations before the Proposition 1B application is submitted to the local agency. This does not apply to projects funded by the drayage priority reserve but requires that contracts be completed before payment can be made.
- **Pre-inspection.** Add clarifying language that local agencies must note the presence of an already installed retrofit device so that the correct emission reductions are calculated.
- **Pre-inspection waiver.** Allow local agencies to waive the pre-inspection requirement for trucks that previously received funding for a retrofit project from the Proposition 1B Program or a local agency incentive program.
- **Lease-to-Own Specified in Contract.** Clarify that applicants with lease-to-own provisions specified in executed equipment project contracts with local agencies may opt to switch from a lease-to-own project to a direct purchase project.
- **Equipment Owner Reimbursements.** Clarify that truck project reimbursements to equipment owners or their authorized representatives cannot exceed the amount directly contributed "out-of-pocket" towards the project. Reimbursement for funds in excess of the out-of-pocket contribution toward the project can only be made to the third party financing source (bank, financing company, or other entity) to reduce the principal amount of loan(s) secured against the funded equipment.
- **Executive Orders Documenting Engine Emission Standards.** Add clarifying language that the equipment owners can provide Executive Orders after time of application.
- **Match Funding Documentation.** Add clarifying language that the equipment owner can provide match funding documentation after the time of application, if requested to do so by the local agency.
- **Scrappage – Retrofits.** The ability to remove and install retrofits from one truck to another is governed by ARB's Regulation for the Verification Procedure for In-use Strategies to control emissions from diesel engines. Clarify that the re-designation and/or swapping of retrofit devices is only allowed if the process is in compliance with the ARB Swapping and Re-designation requirements. If they

are not met, retrofits are not permitted to be reused and must be scrapped in accordance with the Program Guidelines.

- **Registration.** Clarify eligibility requirements for trucks that, due to their vocation, register on a partial year basis. To remain eligible, these trucks must have a consistent pattern of registration that establishes California operation over the past two years, and the pattern of operation must be consistent with the equipment owner's vocation.
- **Clarification – Dual Plated Trucks.** For FY 2008-09 and later grants, equipment owners have the ability to choose the 90 percent California operation option. Clarify that trucks may be dual plated for California/Mexico only, to accommodate equipment owners that carry goods across the California/Mexico border and are required to be dual plated (Mexico requires dual plates for U.S. trucks to enter Mexico.) The Program continues to prohibit all other dual plates.
- **Timing of Equipment Order.** Provide local agencies the option to allow equipment owners to submit purchase orders (at their own risk) for new equipment prior to execution of contract. An equipment owner could submit a purchase order after the district provides notification that the owner has been selected for Program funding. Equipment owners ordering trucks prior to contract execution would still assume all financial risk, and are in no way assured grant funds per the Program Guidelines.
- **Port Visits.** Allow local agencies to use alternative methods to verify the number of port visits. The Program Guidelines require equipment owners to submit annual reports and provide documentation on the number of port visits. If information from the ports is not available, local agencies would be allowed to use alternative methods for verification.

C. Ships at Berth/Cargo Handling Equipment

- **Administration Funds – Initial Request.** Ships at berth and cargo handling equipment projects are combined into one funding category and one grant agreement. The initial administration amounts that can be requested are different for ships at berth (25 percent) and cargo handling equipment (50 percent). To align the conflicting initial administration amounts they can request, ARB authorizes local agencies with ships at berth/cargo handling equipment grant agreements to request up to 50 percent of the initial administration funds upon full execution of the grant agreement with ARB.

Attachment B
Supplemental Procedures for Ships at Berth
and Cargo Handling Equipment Projects

Proposition 1B: Goods Movement Emission Reduction Program

Supplemental Procedures for Ships at Berth and Cargo Handling Equipment Projects

INTRODUCTION

The Proposition 1B: Goods Movement Emission Reduction Program (Program) is subject to statutory timeframes that limit the maximum time for local agencies to obligate Program funds through execution of contracts with equipment owners, and to liquidate (expend) those funds on completed projects. Grant funds not obligated or liquidated within the statutory timeframes revert back to the legislatively-controlled account and must be reappropriated to the Air Resources Board (ARB or Board) in a future State budget before they can be used.

To reduce the potential for reversion, ARB established shorter timelines for local agency action to allow for redirection (if needed) of grant funds prior to the statutory deadlines – except for the ships at berth source category. Grants to install grid-based power for ships at berth can have an extended period for completion because of the complexity of these construction projects. With over \$80 million in Fiscal Year (FY) 2008-09 funds allocated for lengthy ships at berth projects, the Board directed ARB staff in Resolution 10-27 to provide local agencies with supplemental procedures to ensure these projects will be completed on time or the funds will be redirected to other grants to achieve the expected emission reductions.

These procedures are designed to maximize the opportunity for success in completing grid-based power projects with Program funding, but provide sufficient time for reallocation to other types of projects if the ships at berth projects are not likely to be finished on schedule.

March 2011 revisions to these procedures address the ports' requests for further flexibility in meeting the performance standards for grid-based shore power, without diminishing the cost-effectiveness. The fundamental elements are:

- Requirements to expedite the solicitation/application process while ensuring that all eligible applicants are aware of the grants and the conditions.
- A fair process for evaluating and ranking competing projects for funding.
- Clear conditions in the contract between the applicant and the local agency to complete key milestones on schedule or risk reduction of the grant amount.

August 2012 revisions to these procedures address the ports' request to allow additional flexibility by providing a method to demonstrate grid-based shore power projects are operational by the project completion deadline if a ship capable of plugging in was not available.

These Supplemental Procedures apply to all projects that utilize FY2008-09 or later Program monies for the ships at berth and cargo handling equipment funding category,

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and are additive to the requirements of the Proposition 1B: Goods Movement Emission Reduction Program Guidelines for Implementation (Guidelines). All of these supplemental procedures apply for projects to install grid-based shore power for ships at berth. Portions of these supplemental procedures that also apply to cargo handling equipment projects are clearly noted and marked with a "+".

I. EQUIPMENT PROJECT SOLICITATION REQUIREMENTS

Equipment project solicitations shall, at a minimum, meet the following requirements:

A. Outreach Notification ⁺(also applies to cargo handling equipment projects)

The local agency is required to provide written notice of the solicitation to all seaports and intermodal rail yards within the trade corridor seeking applications for ships at berth and cargo handling equipment projects.

These notifications shall include direct communication via letter or e-mail to a person with executive level authority and must be received by all eligible ports and rail yards no less than 30 calendar days before the solicitation closing date. Posting of solicitation information on the local agency's website does not meet this requirement.

The local agency shall submit documentation to ARB verifying the outreach notification requirements have been met no later than 10 working days after the solicitation has been closed. If the documentation is not submitted or fails to demonstrate the outreach requirements have been met, ARB may direct the local agency to conduct additional outreach and extend the closing date of the solicitation period.

B. Solicitation Process ⁺(also applies to cargo handling equipment projects)

Local agencies shall offer only one solicitation where ships at berth and cargo handling equipment projects will compete for available funds. If the solicitation is undersubscribed, any remaining funds will qualify as recaptured funds to be allocated to other projects according to the provisions of the Guidelines.

C. Clarification of Eligibility ⁺(also applies to cargo handling equipment projects)

Solicitation materials shall include the following language to highlight equipment project eligibility, consistent with the Guidelines.

- For the purposes of this Program, a berth is a mooring designed to accommodate loading or unloading of one ship at a time.
- Each project will compete with other ships at berth and cargo handling equipment projects under the competitive ranking and selection process outlined in the Guidelines.

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- Any ships at berth or cargo handling equipment project that is listed as a mitigation measure as part of a final, certified California Environmental Quality Act (CEQA) or National Environmental Policy Act (NEPA) document is not eligible for funding.

1. Match Funding Requirements

- As outlined in Chapter VI.D.5 of the Guidelines, project applications must list proposed sources of match funds from other State, local, federal or private sources that will be used to supplement grant funding.
- Prior to execution of the equipment project contract, equipment owners must identify the specific source(s) of the match funds and certify that those funds are available to complete the entire project since this Prop. 1B Program provides partial reimbursement only after the project is complete and demonstrated to be operational. This certification can be satisfied by a written statement from the equipment owner's Board or Chief Executive Officer for any match funds to be provided by the equipment owner and, if applicable, must also include written commitment(s) that document the availability of any outside source(s) of funding. Local agencies may require the certification at the time of application, or may obtain the signed written certification after application submittal but before execution of any contract obligating Program funds.

2. Activities that may Affect Eligibility for Grid-Based Shore Power Projects

At its own risk, the equipment owner may elect to proceed with certain preliminary activities prior to the execution of the equipment project contract without assurance of Program funding or priority for such funding.

- Activities that **may begin** prior to the execution of the equipment project contract include the following planning, procurement and infrastructure upgrade activities:
 - Design.
 - Engineering.
 - Execution of design, procurement and/or installation contracts for any element of the project (equipment owner may proceed with contracts at its own risk with no assurance of Program funding).
 - Ordering of any materials or equipment.
 - Installation of industrial station, substation(s), switchgear or other materials and equipment designed to increase the electrical power capacity available to the port for use at one or more berths (hereafter called "power upgrade project"). This work is typically an upgrade or addition to the existing 34kV or 12kV system and may also serve berths that are not funded under the Program.
 - Site preparation, grading, paving, excavation and trenching designed to accommodate materials, equipment or site access directly related to the power upgrade project work.

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- Activities related to ineligible project costs, including: environmental review, legal work, acquisition of permits and licenses, and shipside modifications.
- Activities that **may not begin** prior to the execution of the equipment project contract include the following installation activities:
 - Installation of materials, equipment pads, substation(s), transformer(s), switchgear or other equipment not directly related to the power upgrade project work.
 - Installation of transmission lines, equipment or related work that connect the power upgrade project to a substation, transformer, vault, cable reel or other “downstream” device for a berth that will be funded by the Program. This work typically includes 34kV or 12kV transmission lines that run from the power upgrade project equipment to 6.6 kV step-down voltage equipment and beyond.
 - Site preparation, grading, paving, excavation or trenching not directly related to the power upgrade project work.
 - Installation of vaults, plugs, cabling and cable reels designed to facilitate ship connections to the electricity grid.
- As clarification of the Guidelines, a prorated share of the charges to purchase and install special facilities or equipment associated with the power upgrade project are eligible for reimbursement. For example, if the power upgrade project is designed to serve five ship berths, plus electric equipment at the terminal, the Program eligible costs for a specific berth shall be based on the prorated share of power to be used at that berth as a portion of the total new power. Costs to operate or maintain special facilities or equipment are ineligible for reimbursement. For an expanded listing of eligible and ineligible costs, refer to Appendix C in the Guidelines.

D. Additional Solicitation Requirements

Solicitation materials shall also include the following:

1. Project Schedule

- A statement by the local agency outlining the expected contract execution timeframe.
- A requirement that equipment project applicants provide a project schedule for each berth with project milestone completion date(s), including the key milestone dates marked with a double asterisk (**), as listed below.
- A statement instructing applicants to base the project schedule in the application upon credible estimates, with the opportunity to update the schedule prior to execution of the equipment project contract.

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- A statement indicating the local agency may allow the equipment owner to modify the approved project schedule and associated milestone completion dates (listed in the original contract) on or before an agreed upon deadline date listed in the executed equipment project contract, if applicable. This provision is intended to allow equipment owners an opportunity to update the project schedule listed in the original contract after initiating key purchase orders and/or construction contracts. Any changes to the project schedule after initial contract execution must support timely completion and receive prior approval from the local agency and ARB. The revised, approved project milestone completion dates must be included in a fully executed amendment to the original equipment project contract.
- A clarification stating that if more than one milestone completion date applies for separate activities within a particular category, applicants should provide additional breakdowns. For example, if a transformer and cable reel are both identified to have a procurement lead time over 1 month, they must be itemized separately within the project schedule.
- A requirement to provide project milestone completion dates including:
 - Preliminary design.
 - Environmental clearance (if applicable). **
 - Final design.
 - Equipment ordering (with delivery dates consistent with timely completion of project milestones).
 - Receipt of delivery date confirmations from manufacturers (with dates consistent with timely completion of project milestones).
 - Equipment delivery (for all equipment with lead times over 1 month). **
 - Power upgrade project (as defined above).
 - Execution of purchase orders and/or construction contract(s). **
 - Permits.
 - Start construction (material and equipment installation). **
 - Finish construction (material and equipment installation).
 - Commissioning/testing.
 - Demonstration of a fully operational system (with ship plugged-in).

For activities that have already been completed, provide the completion date(s) and note them as "actual." The local agency may allow modification of the project milestone descriptions while maintaining the intended scope.

2. Funding Information

- A statement that Program funds will be disbursed to the equipment owner only after the project is demonstrated to the local agency inspector to be fully operational and powering a ship docked at the berth prior to the project completion date. Program funds will not be provided for financing or progress payments.

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- A statement that all grant funds will be forfeited for any non-grid-based power project that is not fully operational by December 31, 2011 unless the grant funds will fund a berth project that serves only ships not subject to one or more of the emissions control provisions listed within The California Code of Regulations (CCR), Title 17, Chapter 1, Subchapter 7.5, Section 93118.3 Airborne Toxic Control Measure for Auxiliary Diesel Engines Operated on Ocean-Going Vessels At-Berth in a California Port (hereafter CCR Section 93118.3) over the duration of the contract.
- A statement that all grant funds will be forfeited for any grid-based ships at berth or ship emissions capture and control system-project that is not fully operational by December 31, 2013 unless the grant funds will fund a berth project that serves only ships not subject to CCR Section 93118.3 over the duration of the contract.
- A statement that the project specifications (see Appendix C-1 of the Guidelines) identify progressively lower funding amounts for later completion dates. If projects are delayed beyond the completion date projected in the original application, the project may still be eligible for a lower funding amount as shown in Table 1 below.

Table 1 – Program Funding Amounts and Completion Dates per Berth		
Completion Date in Application	Maximum Funding for On Time Completion	Maximum Funding for Completion Delayed to Next Year
By December 31, 2011	Lower of \$3.5 million or 50% of eligible costs	Lower of \$3.0 million or 50% of eligible costs
By December 31, 2012	Lower of \$3.0 million or 50% of eligible costs	Lower of \$2.5 million or 50% of eligible costs
By December 31, 2013	Lower of \$2.5 million or 50% of eligible costs	Funding Forfeited (unless deadline extended according to section II)

- A statement that the equipment owner shall return Program funds to the local agency for non-performance if the percentage of ship visits connected to grid-based shore power at the funded berth starting in 2014 does not meet the Required Usage Levels identified in the Guidelines.

II. POST-2013 EXTENSION FOR GRID-BASED SHORE POWER PROJECTS

- The December 31, 2013 deadline for grid-based shore power project completion and demonstration of operability at a berth may be extended up to one year at the request of the equipment owner if: (1) the local agency and ARB staff agree that such an extension is necessary and could not have reasonably been avoided despite the best efforts of the equipment owner; and (2) the equipment owner agrees to accept a 10% reduction in the Program funding for that berth. This added flexibility may be used only within the Program and does not modify any of the existing requirements of CCR Section 93118.3.

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- The 10 percent reduction in Program funding is based on loss of the extra air quality benefits for up to one year of the 10-year project life under the grant contract. The funding reduction will not be pro-rated for a partial year and the project life will not be extended.
- An equipment owner considering such an extension should submit a preliminary written extension request concurrently to the local agency and ARB staff no later than October 31, 2013, and a final written request together with any required documentation no later than January 31, 2014. After consultation with the equipment owner, the local agency and ARB staff shall approve or deny a final extension request and inform the equipment owner in writing by March 31, 2014. If the equipment owner confirms a need for the extension earlier, the requests should be submitted earlier.
- If an extension request is submitted and approved, ARB staff will amend the grant agreement with the local agency to provide the maximum time allowed by statute for the local agency to reallocate and expend the unused 10% of grant funds on other projects, consistent with the Guidelines.

III. EQUIPMENT PROJECT APPLICATION REVIEW REQUIREMENTS

In addition to the requirements of the Guidelines, equipment project application reviews for the ships at berth and cargo equipment funding category shall, at a minimum, meet the following requirements:

A. Application Review ⁺(also applies to cargo handling equipment projects)

Equipment project applicants (e.g., seaports, railroads, terminal operators, and other entities) are prohibited from participating in the application review, evaluation, and competitive ranking process.

B. Summary Data of Preliminary Demand ⁺ (also applies to cargo handling equipment projects)

The local agency shall provide ARB with summary data describing the preliminary demand for project funds within 15 working days after the solicitation period is closed. This summary data shall list each applicant, type of project, amount requested, and estimated project completion date.

C. Site Pre-inspection

The local agency shall perform a site pre-inspection no more than 30 calendar days prior to contract execution to verify no work has started that would cause one or more berths to become ineligible for Program funds. The site pre-inspection shall include photographic evidence of likely or known locations where Project funded materials and equipment will be installed for each berth. The site pre-inspection shall also include

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photographic evidence of reimbursable material and equipment that have already been installed or are currently onsite awaiting installation. Photographs shall be retained by the local agency in the project files and made available to ARB upon request.

D. Ranking of Alternate or Backup Projects Identified by Equipment Owners

If an equipment owner requests that certain ships at berth or cargo handling equipment projects identified on the application as alternate or backup projects be considered for funding only if the total demand for Program funds is less than the available funds, the local agency shall evaluate and rank all of the primary projects (without the alternate or backup projects), and sign contracts to fund eligible primary projects. If these primary projects in total do not require the full Program funding available to the local agency, the local agency shall evaluate and rank all of the alternative or backup projects together as a second group and fund those projects according to the provisions of the Guidelines.

IV. DETERMINING COMPLIANCE WITH THE REQUIRED USAGE LEVELS FOR GRID-BASED POWER

This section expands the description of the performance requirements in the Guidelines specific to grid-based power projects and provides additional flexibility for equipment owners.

A. Averaging Period

- Satisfactory performance with the Required Usage Levels shall be calculated by taking the number of ship visits connected to grid-based shore power at the berth as a percentage of the "Total Ship Visits" to that berth over a multiple-year averaging period, considering any options specified in the contract pursuant to section IV.B. or section IV.C. below. The Guidelines establish the averaging periods and Required Usage Levels shown below:
 - 2012-2013: 50 percent of the (total) ship visits (if applicable)
 - 2014-2016: 60 percent of the (total) ship visits
 - 2017-2019: 80 percent of the (total) ship visits
 - 2020-the end of the equipment project contract: 90% of the (total) ship visits

B. Total Ship Visits

- The equipment owner shall select either of the Performance Options described below. The local agency may require the equipment owner to make this selection on the application or provide it in writing to the local agency prior to requesting ARB approval of a competitively ranked list. The equipment project contract shall specify the option selected.
 - **Performance Option 1:** Total Ship Visits equals the number of visits to the berth by all U.S. or foreign-flagged container vessels, passenger vessels, and refrigerated cargo vessels. Any project competing for funding under this option shall also meet or exceed a Program cost-effectiveness of 0.15 pounds

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per State dollar, as determined using the Project Benefits Calculator. The total ship visits shall exclude the number of ship visits from vessels that did not plug into grid-based power AND met one the following criteria:

- The vessel was part of a fleet complying with CCR Section 93118.3 under the "Equivalent Emissions Reduction Option."
 - The vessel was prevented from plugging into grid-based power for the duration of the visit due to a qualifying "emergency event" as defined in CCR Section 93118.3.
- o **Performance Option 2:** Total Ship Visits equals the number of visits to the berth by all U.S. or foreign-flagged vessels, regardless of vessel type. The total ship visits shall exclude the number of ship visits from vessels that did not plug into grid-based power AND met one the following criteria:
- The vessel was part of a fleet complying with CCR Section 93118.3 under the "Equivalent Emissions Reduction Option."
 - The vessel was prevented from plugging into grid-based power for the duration of the visit due to a qualifying "emergency event" as defined in CCR Section 93118.3.

C. Optional Berth Averaging and Banking Provisions

- The equipment owner may elect to use the optional averaging and/or banking provisions described below, upon written notification to the local agency prior to the local agency's request for ARB approval of a competitively ranked list and contract execution. The equipment project contract shall identify any optional averaging and/or banking provisions that apply to each berth, including all other eligible berths that would be grouped together under (a) below for purposes of determining compliance with the Required Usage Levels. This added flexibility may be used only within the Program and does not modify any of the existing requirements of CCR Section 93118.3.
- (a) Averaging ship visits over multiple berths at the same terminal. The equipment owner may average the ship visits to all Program-funded berths at the same terminal and apply those combined visits toward the Required Usage Levels for those funded berths, within the averaging period.
- (b) Banking ship visits. For a Program-funded berth with a completion date between January 1, 2013 and December 31, 2013 specified in the equipment project contract, the equipment owner may report and bank eligible ship visits at that berth using grid-based power prior to January 1, 2014 and apply those visits towards the Required Usage Levels for that berth in 2014 or a later year.

D. Reporting

- To support the expanded flexibility for equipment owners, those owners shall provide annual reports on total ship visits that list both included and excluded vessel visits, ship visits using shorepower at each Program-funded berth, and any banked visits,

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for each calendar year in a format and on a schedule to be provided by ARB and the local agency. ARB will assist the local agency in determining compliance with the Required Usage Levels, including application of performance options, averaging, and banking.

• **V. EQUIPMENT PROJECT CONTRACT REQUIREMENTS**

In addition to the requirements for equipment project contracts as listed in the Guidelines, the contract between the local agency and equipment owner shall include the following procedures and requirements:

A. Certification

The contract must include certification statements signed by the equipment owner as follows:

- A statement verifying that installation or construction activities prohibited prior to contract execution have not started at any of the berths included in the equipment project contract.
- A statement agreeing to actively cooperate with the local agency, ARB, or their designees during any ongoing evaluation or audit of the project site, schedule or records. This cooperation includes, but is not limited to, providing contact information and open access (if requested) to communicate directly with key project personnel, contractors, subcontractors, public utilities and material or equipment suppliers.

B. Small Business Outreach

The contract must include a provision obligating the equipment owner to design and implement a targeted outreach program to encourage small businesses to participate in the construction, alteration, demolition, repair, or improvement of equipment project infrastructure funded by the Program. This requirement originates from State law and more information is included in the Guidelines, Chapter IV.A.2.d.

C. Tracking and Non-Performance

1. Tracking

- **Project Schedule**
The contract must include the latest, updated project milestone completion dates, including the key milestones in section D.1. marked with a double asterisk (**).
- **Periodic Updates to Project Schedule**
The contract must include a provision obligating the equipment owner to provide periodic updates to the project schedule. Schedule updates shall be provided at

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least quarterly as defined by the local agency. Schedule updates shall include, but are not limited to, the following:

- Actual start and finish dates for any applicable activities.
 - Estimated completion dates for any activities that are in progress.
 - Estimated start and finish dates for any activities that have not started.
 - Actual or estimated start and finish dates for any additional activities known to the equipment owner that may jeopardize on-time project completion.
- Development of a Schedule Recovery Plan
The contract must include the following provisions related to the use of a schedule recovery plan to be submitted by the equipment owner:
 - The equipment owner must submit a schedule recovery plan to the local agency within 15 working days if one of the following occurs:
 - One or more berths fail to meet a key milestone date listed in the equipment project contract.
 - The equipment owner or the local agency becomes aware of a change that will cause one or more berths to miss the original project completion date(s) listed in the contract.
 - A schedule recovery plan for each affected berth must include the following:
 - A narrative description of the cause(s) of adverse schedule impacts, including a list of all schedule activities and milestone dates affected.
 - A narrative description of schedule recovery actions that have been and/or will be implemented to minimize or eliminate future schedule impacts.
 - An updated, comprehensive project schedule with milestone dates that support timely project completion.
 - The schedule recovery plan must be reviewed and approved by the local agency, and provided to ARB. If the updated project completion date would delay the year of completion, the schedule recovery plan must also be approved by ARB staff. To maintain eligibility for the Program funds, the project must be on schedule or operating under an approved schedule recovery plan.
 - If the equipment owner fails to meet the commitments in the approved schedule recovery plan, the local agency may immediately terminate the commitment to fund the affected berth(s) or terminate the contract in its entirety (as applicable).

2. Non-Performance (in addition to the provisions specified in the Guidelines)

- The contract must include a statement that Program funds outlined in the contract will be forfeited for any ships at berth project that is not complete and demonstrated to be fully operational by December 31, 2013, unless the equipment owner has obtained an approved Post-2013 Extension from the local agency and ARB staff according to the provisions of section II.

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- The contract must include a statement that a project may be considered complete and operational, for purposes of determining the funding level, if a successful system test is completed by December 31, 2013. System testing procedures must be approved by ARB.
- The contract must include a provision that allows the local agency, with approval from ARB, the ability to modify or terminate the contract and forfeit the Program funds for one or more berths if the equipment owner demonstrates non-performance or fails to meet a key (**) milestone date listed in the contract and fails to provide an approved schedule recovery plan.
- If applicable, the contract must include a provision that allows the equipment owner the ability to update the project schedule and associated milestone completion dates after contract execution and on or before an explicit, mutually agreeable deadline date. The revised, approved project milestone completion dates provided by the equipment owner must support timely completion, receive prior approval from the local agency and ARB, and be included in a fully executed amendment to the original equipment project contract.
- **Recovered Funds.** The contract must include a statement that the equipment owner shall return a portion of the Program funds for non-performance to the local agency if the percentage of ship visits connected to grid-based shore power at the funded berth starting in 2014 does not meet the Required Usage Levels identified in the Guidelines or the annual hours of usage for a ship emissions capture and control system does not meet the performance standard in the Guidelines. The local agency will use the method described below to determine the amount of any funds recovered for non-performance. The local agency shall notify the equipment owner in writing of any funds that must be returned after data becomes available each year from annual reports submitted by the equipment owner, compliance reports submitted by shippers to ARB, and other sources. The equipment owner must return these funds within 60 days. Any recovered funds received by the local agency qualify as recaptured funds to be allocated to other projects according to the provisions of the Guidelines.
- **Calculation of Funds Recovered for Non-Performance**
Note: this calculation method is directly related to the use of Program funding to achieve "extra" reductions from ships at berth projects (i.e., reductions that are greater than the reductions required by ARB's Ships at Berth Regulation). Typically, for grid-based shore power, the percent of vessel visits using shore power at Program-funded berths must be 10% above the regulatory requirement for the same year. The method essentially equates that 10% percent per year over the 10-year project life to 100% of the Program funding.

Funds Recovered for Grid-Based Shore Power Projects. If the percentage of ship visits using grid-based shore power at the berth does not meet or exceed the Required Usage Levels, the funds recovered for non-performance shall equal 1% of

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Program funds for each 1% that the performance falls below the required levels, times the number of years included in the averaging period. The recovered funds shall be capped at a maximum of 10% per year per berth. For example, if a berth records 58 ship visits using grid-based shore power from 2014-2016, out of 100 Total Ship Visits over the three-year period, the percent of ship visits is 58%. Since this is 2% below the required 60%, the recovered funds are 2 (percent) times 3 (years) or 6% of Program funds. If the equipment owner received total Program funds of \$2,500,000 for that berth, the funds recovered for non-performance for 2014-2016 would be \$150,000.

If the equipment project contract provides for use of the optional averaging across multiple Program-funded berths at the same terminal, the ship visits using grid-based shore power and the total ship visits across all of those berths over the averaging period will be combined to calculate an overall percent usage (similar to the 58% in the example above). The amount of funds recovered for non-performance will be based on the amount below the Required Usage Level and the number of years as described above, times the number of berths included. The resulting percentage of Program funds is then multiplied times the total Program funds for all berths included in the average.

Funds Recovered for Other Ships at Berth Projects. The local agency in consultation with ARB will use a method parallel to that described above for grid-based shore power projects to determine the amount of any funds recovered for non-performance due to annual hours of usage below the levels in the Guidelines for other types of ships at berth projects.

D. Costs, Expenditures, and Disbursement

1. Costs

- The contract must include a cost breakdown summary that provides an initial estimate of eligible costs anticipated for the project. If a single contract includes multiple berths, a separate cost breakdown summary must be provided for each berth. Items listed in each cost breakdown summary should be specific for the applicable berth. Eligible project costs that are applicable to multiple berths (e.g., a power upgrade project) must be prorated among all eligible and ineligible berths and other equipment served by that upgrade project. The equipment owner must provide calculations supporting the proration. A representative example of a cost breakdown summary includes the following items (as applicable):
 - Design and Engineering.
 - Electrical service connection.
 - Power upgrade project (prorated by berth if applicable).
 - Breakers and secondary breakers.
 - High-voltage cables.
 - Power control equipment, switchgear and/or step down transformer.
 - Power connection vaults and outlets.

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- Cable reels, cables, and connectors to connect at the vessel.
- Control cable and equipment.
- Other costs not listed above (as applicable).

The local agency may allow modification of the cost breakdown descriptions while maintaining the intended scope.

2. Expenditures

- The contract must specify detailed invoicing procedures that conform to the Guidelines (see Chapter IV.B.2.c) and the local agency's procedures.
- The contract must include a statement that all invoices and backup material from the equipment owner, vendors, contractors, subcontractors, etc. used to establish eligible costs should identify the berth project, the work performed, and include a summary of project costs and quantities in the following categories:
 - Labor costs (including total labor man-hours expended).
 - Material costs.
 - Equipment costs.
 - Other category costs (as applicable).

3. Disbursement

- The contract must include a statement that Program funds will be disbursed to the equipment owner only after the project is demonstrated to the local agency inspector to be fully operational and powering a ship docked at the berth ~~prior to the project completion date~~. There will be no financing or progress payments.

Attachment C
March-April 2011 Truck Solicitations – Appendix A:
Heavy Duty Diesel Trucks, Equipment Project Specifications

Addendum to March-April 2011 Truck Solicitations – Appendix A:
Heavy Duty Diesel Trucks, Equipment Project Specifications

APPENDIX A Heavy Duty Diesel Trucks (Combines Port/Rail Yard and Other Trucks)

A. Equipment Project Specifications

Heavy Duty Diesel Trucks

<p>Eligible Equipment</p>	<p>Heavy duty diesel trucks used to move goods (a majority of the time) with a manufacturer's gross vehicle weight rating (GVWR) of 26,001 lbs or greater listed on the application and verified at pre-inspection.</p> <p>Equipment owner must demonstrate:</p> <ul style="list-style-type: none"> • At least 75% operation within California for the past 2 years. • At least 5,000 vehicle miles traveled (VMT) each year for the past 2 years. • Registration: <ul style="list-style-type: none"> ○ Continuous registration (California base-plated or International Registration Plan (IRP)) in California for the past 2 years. Dual plates and out-of-state registrations are prohibited, except for trucks that carry goods across the California/Mexico border and are required to be dual plated (California/Mexico only); or ○ Current California registration and minimum 8 months available California Department of Motor Vehicles (DMV) registration history supplemented by alternate documentation showing California operation for the past 2 years. • New engines for repower or replacement projects meet the applicable Program requirements: <ul style="list-style-type: none"> ○ 2010 emissions means 0.20 g/bhp-hr or less NO_x (FEL and CERT values) and 0.01 g/bhp-hr or less PM (CERT value) as certified by an ARB Executive Order for on-road use. ○ 2007+ emissions means 0.50 g/bhp-hr or less NO_x (FEL and CERT values) and 0.01 g/bhp-hr or less PM (CERT value) as certified by an ARB Executive Order for on-road use. ○ 2007 emissions means 1.20 g/bhp-hr or less NO_x (FEL and CERT values) and 0.01 g/bhp-hr or less PM (CERT value) as certified by an ARB Executive Order for on-road use. ○ For Class 8 trucks the engines must be certified by an ARB Executive Order for on-road use with an intended service of Heavy Heavy Duty Diesel (HHDD) for diesel engines or Heavy Duty Otto (HDO) for applicable alternative fuel vehicles. • New or used trucks purchased for a truck replacement project must have a manufacturer's GVWR of 26,001 lbs – 33,000 lbs (Class 7) or of 33,001 lbs or greater (Class 8). The replacement truck must be in the same weight classification range (Class 7 or Class 8) as the existing truck, except when the equipment owner chooses to replace 2 eligible trucks for 1 replacement truck under Option (4). <p>A drayage truck means any in-use on-road vehicle (GVWR of 26,001 lbs or greater) that pulls a trailer or chassis that is used for transporting cargo (such as containerized, bulk, or break-bulk goods) that operates:</p> <ul style="list-style-type: none"> • On or transgresses through port or intermodal rail yard property for the purpose of loading, unloading, or transporting cargo, including transporting empty containers and chassis, or • Off-port or intermodal rail yard property transporting cargo or empty containers or chassis that originated from or is destined to a port or intermodal rail yard property.
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Heavy Duty Diesel Trucks (cont.)

<p>Eligible Equipment (continued)</p>	<p>Drayage truck owners are eligible to apply for priority drayage truck funding that may be available (not available in every solicitation) for truck replacement or PM + NOx retrofit projects if the owner demonstrates all of the following for the existing truck:</p> <ul style="list-style-type: none"> • Meets all of the other requirements of this section. • Made at least 12 visits to California ports and rail yards (combined) over the last 12 months. • <u>For truck replacement projects (Option 4)</u>, has a MY1994-2003 engine, and was registered in the California Drayage Truck Registry and was retrofitted with an ARB-verified Level 3 diesel particulate filter by June 30, 2010. • <u>For PM + NOx retrofit projects (Option 2)</u>, has a MY2004-2006 engine, was registered in the California Drayage Truck Registry by June 30, 2010, and would be upgraded with a PM + NOx retrofit no later than December 31, 2010. • <u>For three-way truck transactions (Option 5)</u>, please see page A-6. <p>Note: If priority drayage truck funding is not available or is exhausted before all eligible drayage trucks are funded, any remaining, unfunded drayage trucks will compete with other trucks.</p>
<p>Ineligible Equipment</p>	<ul style="list-style-type: none"> • Trucks subject to ARB's public and utility fleet rule. • Trucks subject to ARB's solid waste collection vehicle rule. • Trucks subject to ARB's diesel cargo handling equipment rule.
<p>General Requirements (applicable to all project options)</p>	<p>Equipment owner shall:</p> <ul style="list-style-type: none"> • Commit to the project life specified with the applicable equipment project option. • Adhere to all Program Requirements during the project life. • Commit to 100% California-only operation (or 90% California-only operation as selected by the equipment owner) and California base-plated registration or California IRP. Dual plates and out-of-state registrations are prohibited, except for trucks that carry goods across the California/Mexico border and are required to be dual plated (California/Mexico only). • Commit to at least 50% of travel within the four trade corridors for the duration of the project life. • Maintain current DMV registration at all times during the project life. • Agree to accept an on-board electronic monitoring unit at any time during project life. • Agree to equipment inspections. • Comply with record-keeping, reporting, and audit requirements. • Sign a legally binding contract with the local agency including project milestone and completion deadlines. • Properly maintain truck in good operating condition and according to manufacturer's recommendations. • Maintain collision/comprehensive insurance on the truck for replacements. • Demonstrate proof of equipment warranty on the program-funded equipment. • Correct outstanding ARB equipment violations associated with the owner's entire fleet of vehicles. <p>ARB will post and update information on the Program website describing operational deadlines and when the program-funded vehicle will become eligible to be included in the equipment owner's Statewide Truck and Bus Rule fleet compliance strategy for the applicable project option.</p>

Heavy Duty Diesel Trucks (cont.)

Option (3) Repower	Partial funding of up to \$30,000/truck to repower a truck with an eligible MY1994-2006 heavy duty diesel engine with a new engine that meets 2010 emissions.
Requirements	<p>Program-funded engine shall be installed and operational (post-inspection completed, except scrappage) prior to a regulatory requirement for that technology or level of emissions control under the best available control technology provisions of any adopted rule for in-use trucks. ARB will post and update information on the Program website describing operational deadlines for the applicable project option.</p> <p>In addition to the General Requirements listed previously, equipment owner shall:</p> <ul style="list-style-type: none">• Commit to a project life of 5 years or 500,000 miles, whichever comes first.• Scrap the old engine.• Purchase a minimum of a 1-year or 100,000-mile major component engine warranty for the replacement engine that covers parts and labor.• Provide a copy of ARB Executive Order documenting that the new engine meets 2010 emissions.

Heavy Duty Diesel Trucks (cont.)

<p>Option (4) Replacement</p>	<p>Partial funding (see options below) to replace 1 or 2 truck(s) equipped with eligible MY2003 or older heavy duty diesel engine(s) with a diesel or alternative fuel truck</p>
<p>Funding Options (drayage trucks)</p>	<p>Owners of eligible drayage trucks with a MY1994-2003 engine that commit to 90% or 100% California-only operation may have the option to compete for funding as follows.</p> <p>Class 8 truck (GVWR of 33,001 lbs or greater):</p> <ol style="list-style-type: none"> 1. \$50,000/truck for a replacement truck with a heavy heavy duty engine that meets 2010 emissions (0.20 g/bhp-hr or less NOx). <p>Note: To be eligible, the replacement truck must have less than 500,000 miles with odometer verification at the post inspection.</p> <p>Class 7 truck (GVWR of 26,001 lbs – 33,000 lbs):</p> <ol style="list-style-type: none"> 1. \$30,000/truck for a replacement truck with an engine that meets 2010 emissions (0.20 g/bhp-hr or less NOx). <p>Note: To be eligible, the replacement truck must have less than 250,000 miles with odometer verification at the post inspection.</p>
<p>Funding Options (other trucks)</p>	<p>Owners of all eligible non-drayage trucks that commit to 90% or 100% California-only operation can compete for funding as follows.</p> <p>Class 8 truck (GVWR of 33,001 lbs or greater):</p> <ol style="list-style-type: none"> 1. \$60,000/truck for a replacement truck with a heavy heavy duty engine that meets 2010 emissions (0.20 g/bhp-hr or less NOx). 2. \$50,000/truck for a replacement truck with a heavy heavy duty engine that meets 2007+ emissions (0.50 g/bhp-hr or less NOx). 3. \$40,000/truck for a replacement truck with a heavy heavy duty engine that meets 2007 emissions (1.20 g/bhp-hr or less NOx). <p>Note: To be eligible, the replacement truck must have less than 500,000 miles with odometer verification at the post inspection.</p> <p>Class 7 truck (GVWR of 26,001 lbs – 33,000 lbs):</p> <ol style="list-style-type: none"> 1. \$40,000/truck for a replacement truck with an engine that meets 2010 emissions (0.20 g/bhp-hr or less NOx). 2. \$30,000/truck for a replacement truck with an engine that meets 2007+ emissions (0.50 g/bhp-hr or less NOx). 3. \$25,000/truck for a replacement truck with an engine that meets 2007 emissions (1.20 g/bhp-hr or less NOx). <p>Note: To be eligible, the replacement truck must have less than 250,000 miles with odometer verification at the post inspection.</p>
<p>Requirements</p>	<p>Program-funded replacement projects shall be purchased and operational (post-inspection completed, except scrappage) prior to a regulatory requirement for that technology or level of emissions control under the best available control technology provisions of any adopted rule for in-use trucks. ARB will post and update information on the Program website describing operational deadlines for the applicable project option.</p> <p>In addition to the General Requirements listed previously, equipment owner shall:</p> <ul style="list-style-type: none"> • Commit to a project life of at least 5 years or 500,000 miles, whichever comes first. • Scrap the old truck(s). Purchase a minimum of a 1-year or 100,000-mile major component engine warranty for the replacement vehicle that covers parts and labor. • Provide a copy of ARB Executive Order documenting that the new truck engine meets the applicable 2007, 2007+, or 2010 emissions.

Heavy Duty Diesel Trucks (cont.)

<p>Option (5) Three-Way Truck Transactions</p>	<ol style="list-style-type: none"> 1. Replace an eligible truck that has a MY1998-2006 engine (Truck A) with a diesel or alternative fuel truck (Truck C) with an engine that meets 2010 emissions (0.20 g/bhp-hr or less NOx). 2. Retrofit Truck A with an ARB-verified Level 3 Plus diesel particulate filter that reduces diesel PM by 85% or more. 3. Scrap a MY1993 or older diesel truck (Truck B) and replace with Truck A. <p>Truck A: Heavy duty diesel truck with MY1998-2006 engine. Truck B: Heavy duty diesel truck with MY1993 or older engine. Truck C: Heavy duty truck (diesel or alternative) that meets 2010 emissions.</p>
<p>Funding Options (drayage trucks)</p>	<ol style="list-style-type: none"> 1. \$50,000 for Truck C if Truck A is Class 8 (GVWR of 33,001 lbs or greater).
<p>Funding Options (other trucks)</p>	<ol style="list-style-type: none"> 1. \$60,000 for Truck C if Truck A is Class 8 (GVWR of 33,001 lbs or greater). 2. \$40,000 for Truck C if Truck A is Class 7 (GVWR of 26,001 lbs – 33,000 lbs). 3. Up to \$5,000 to retrofit Truck A.
<p>Requirements</p>	<p>Truck C shall be purchased and operational (post inspection completed, except scrappage) prior to a regulatory requirement for that technology or level of emissions control under the best available control technology provisions of any adopted rule for in-use trucks. ARB will post and update information on the Program website describing deadlines for the applicable project option. Truck C must be the same class as Truck A. Note: To be eligible, Truck C must have less than 500,000 miles if Class 8 (250,000 miles if Class 7) with odometer verification at the post inspection. Truck B may be Class 7 or Class 8.</p> <p>Truck A shall be equipped with an operational diesel particulate filter by the operational deadlines for a regulatory requirement for that technology or level of emissions control under the best available control technology provisions of any adopted rule for in-use trucks if optional retrofit funding is received for Truck A. ARB will post and update information on the Program website describing operational deadlines for the applicable project option.</p> <p>In addition to the applicable General Requirements listed previously in Appendix A, the original owner of Truck A and new owner of new Truck C shall:</p> <ul style="list-style-type: none"> • Equip Truck A with an ARB verified Level 3 Plus diesel particulate filter and transfer ownership (if applicable) to the owner of old Truck B. • Commit to a project life of 5 years or 500,000 miles, whichever comes first, on Truck C. • Commit to 90% or 100% California-only operation. • Purchase a minimum of a 1-year or 100,000-mile major component engine warranty for Truck C that covers parts and labor. • Provide a copy of ARB Executive Order documenting that the new truck engine in Truck C meets 2010 emissions. • Demonstrate that any mid-1990s engine subject to the software upgrades for diesel trucks (i.e., chip reflash) has completed the upgrade on Truck A. <p>In addition to the applicable General Requirements listed previously in Appendix A, the original owner of old Truck B and new owner of retrofit Truck A shall:</p> <ul style="list-style-type: none"> • Scrap Truck B. • Commit to a project life of 2 years and all applicable Program requirements on Truck A, if retrofit funding is received. • Commit to 90% or 100% California-only operation.

Heavy Duty Diesel Trucks (cont.)

<p>Eligible Equipment</p>	<p>Truck stops, intermodal facilities, distribution centers, and other places where Class 8 heavy duty diesel trucks (GVWR of 33,001 lbs or greater) congregate in a trade corridor.</p>
<p>Option (6) Electrification Infrastructure for Truck Stop or Distribution Center</p>	<p>Landside electrification infrastructure to reduce diesel engine idling and use of diesel-fueled internal combustion auxiliary power systems may be funded at the lower of 50% of eligible project costs or a level commensurate with a cost-effectiveness of 0.20 pounds of weighted emissions reduced per State dollar invested. Truck stop/distribution center electrification infrastructure projects shall be eligible to compete for funding only if the cost-effectiveness is equal or greater than 0.20 pounds of weighted emissions reduced per State dollar invested.</p>
<p>Requirements</p>	<p>Eligible costs include purchase and installation of electrical infrastructure to: enable heating, cooling, and the use of cab power for parked trucks at truck stops; and enable the use of power for transport refrigeration units and auxiliary power systems at distribution centers, intermodal facilities, and other places where trucks congregate. Reimbursement for the eligible costs shall be based on demonstrated use over the first year of operation.</p> <p>Ineligible costs include on-board auxiliary power units and other equipment installed on trucks, transport refrigeration units, electricity costs, and operation and maintenance costs.</p>
<p>Requirements</p>	<p>In addition to the General Requirements listed previously, equipment owner shall:</p> <ul style="list-style-type: none"> • Commit to 10 years of operation. • Agree to equipment inspections. • Comply with record-keeping, reporting, and audit requirements. • Sign a legally binding contract with the local agency including project milestone and completion deadlines. • Properly maintain upgraded equipment in good operating condition and according to manufacturer's recommendations. • Demonstrate proof of equipment warranty. • Comply with all local permitting requirements.
<p>Project Cost Assumptions</p>	<ul style="list-style-type: none"> • Option (1): Average cost of a diesel particulate filter is expected to be ~\$15,000. • Option (2): Total cost of a NOx + PM retrofit is expected to be ~\$40,000. • Option (3): Total cost of a repower project is expected to be ~\$60,000. • Options (4) & (5): Total cost of a new 2010 emissions truck is expected to be ~\$80,000 (Class 7 diesel) to ~\$180,000 (Class 8 natural gas). Total cost of a 2007 or 2007+ emissions truck (in 2011-2012) is expected to be ~\$50,000 (Class 7 diesel) to ~\$80,000 (Class 8 diesel). • Option (6): Total cost for distribution centers is \$1,500-\$7,000/plug at dock; \$2,500-\$9,000/plug in parking areas; \$500-\$2,000/adaptor for trailers and TRUs. Total cost for truck stops is \$6,000-\$18,000/parking space; \$3,000/truck modification.

B. Major Milestones for Project Completion

a) Heavy duty diesel trucks

- Equipment order.
- Equipment acquisition/installation.
- Submittal of invoice to local agency for payment.
- Scrappage of old truck or engine.

b) Truck stop/distribution center electrification

The equipment project schedule shall include, but is not limited to, the following milestones:

- Completion and certification of any required CEQA documents.
- Bid solicitation, evaluation and award, and construction contract.
- Acquisition of any local permits, or other requirements.
- Electrification system design, unit acquisition, and delivery.
- Project completion.
- Post-inspection by the local agency.
- Reporting to local agency of actual electrical use by trucks during first year of operation.
- Submittal of invoice to local agency for reimbursement.

C. Application Information

Equipment owners shall provide the following information and documentation in addition to the requirements described in Chapter VI., and other information ARB or local agencies may request on the equipment project applications. The local agency shall enter the equipment application information into the Goods Movement Online Database.

All equipment project applications must include the information specified below in:

- Section 1 – General information.
- Section 2 – Current equipment and activity information.
- Section 3 – Proposed equipment project information. (Include information, as applicable, for each equipment project option.)

1. General information

This section applies to all equipment project options.

- Name or applicant (current owner of existing truck, including for potential lease-to-own institutions).
- Business name.
- Mailing address.
- Primary contact name and phone number.
- Person with equipment contract signing authority (owner).
- Proof of identity of current equipment owner (and lessor for lease-to-own).
- Business information:
 - Fleet size.
 - Number of employees (optional).
 - Number of truck spaces (truck stops).
 - Number of docks (distribution centers).
- A statement signed and dated by the current equipment owner acknowledging all application items are true/correct and all outstanding ARB violations on any equipment within the owner's entire fleet will be corrected.

2. Current equipment and activity information

a) *Heavy duty diesel trucks*

- Truck data.
 - Truck make, model, and model year.
 - Vehicle Identification Number.
 - Gross vehicle weight rating (GVWR).
 - Vehicle license plate number.
 - Engine make, model, engine year, and serial number.
 - Engine horsepower and fuel type.
 - Current odometer reading, including the date read (estimate total engine mileage if odometer is missing or broken).
 - Date a diesel particulate filter was previously installed on truck and verified control level of that filter (if applicable).
- Truck documentation.
 - Current California registration, including registered owner, or California IRP. Dual plates and out-of-state registrations are prohibited, except for trucks that carry goods across the California/Mexico border and are required to be dual plated (California/Mexico only).
 - Registration showing California operation for the past 2 years or 8 months of available California DMV registration history supplemented by alternate documentation showing California operation for the past 2 years.
 - Documentation of current ownership (e.g., copy of title of truck) that will allow the applicant to legally scrap the truck for any truck that will be scrapped or reused. This requirement does not apply to retrofit or repower projects.
 - Other information, as requested by the local agency.

- Vocation and activity data for the past 2 years (unless noted otherwise).
 - Vocation(s) – the types of goods typically transported.
 - Drayage Truck Registry (DTR) status as of June 30, 2010.
 - Number of California port and rail yard visits (combined) in the past 12 months.
 - Annual vehicle miles of travel (VMT) in California.
 - Estimated percentage of annual VMT in:
 - Bay Area trade corridor.
 - Central Valley trade corridor.
 - Los Angeles/Inland Empire trade corridor.
 - San Diego/Border trade corridor.
 - Documentation to verify reported VMT is required. Examples of documentation include logbooks, fuel records, maintenance records, or tax records.
 - For concrete mixer trucks, dump trucks, and other truck types specifically identified by ARB staff, the owner may provide the Power Take Off (PTO) hours in conjunction with VMT:
 - Documentation from the hour meter unit is required.
 - PTO hours will be converted to miles based on factors supplied by ARB and combined with VMT in the calculation of emission reductions and cost-effectiveness.

Additional documentation may be requested by the local agency.

b) Truck stop/distribution center electrification

- Location and description of facility where electrification infrastructure is proposed for installation.
- Quantification of current annual truck operations and TRU operations at the facility.
- Baseline emissions (without the project) for first 10 years of operation of proposed electrical infrastructure (developed with the concurrence of the local air district) – this emission estimate shall fully reflect the benefits of all adopted regulations including ARB rules for trucks, idling, auxiliary power systems, TRUs, and TRUs with generators sets.

Additional documentation may be requested by the local agency.

3. Proposed equipment project information

a) Heavy duty diesel trucks

(i) Option (1): PM retrofit

- Retrofit device data.
 - ARB-verified retrofit device company and name of device.
 - ARB Executive Order number for retrofit device.
 - ARB-verified NOx reduction and PM reduction (percentages).
- Itemized cost information for eligible expenses (verifiable quote).
- Equipment project funding demonstration.
 - Total project cost.
 - Program dollars requested.
 - Source and amounts of other funding (private, local, other State, federal).
 - Request for a direct payment to vendor (if applicable).
 - Total project cost (Program dollars requested plus other match funding).
 - Documentation of match funding availability.

(ii) Option (2): PM + NOx retrofit

- Retrofit device data.
 - ARB-verified retrofit device company and name of device.
 - ARB Executive Order number for retrofit device.
 - ARB-verified NOx reduction and PM reduction (percentages).
- Itemized cost information for eligible expenses (verifiable quote).
- Equipment project funding demonstration.
 - Program dollars requested.
 - Source and amounts of other funding (private, local, other State, federal).
 - Request for a direct payment to vendor (if applicable).
 - Total project cost (Program dollars requested plus other match funding).
 - Documentation of match funding availability.

(iii) Option (3): Repower

- Engine repower data.
 - Engine make, engine model, and engine year.
 - Engine horsepower and fuel type.
- Repower documentation.
 - Documentation of all engine/truck modifications planned as part of the repower project. Include description of upgrades to such things as exhaust systems, electronics, etc.
- Itemized cost information for eligible expenses (verifiable quote).

- Equipment project funding demonstration.
 - Total project cost.
 - Program dollars requested.
 - Source and amounts of other funding (private, local, other State, federal).
 - Total project cost (Program dollars requested plus other match funding).
 - Documentation of match funding availability.

(iv) Option (4): Replacement

- New truck data.
 - Truck make, model, and model year.
 - Manufacturer's gross vehicle weight rating (GVWR).
 - Engine make, engine model, and engine year.
 - Engine horsepower and fuel type.
- Itemized cost information for eligible expenses (verifiable quote).
- Equipment project funding demonstration.
 - Total project cost.
 - Program dollars requested.
 - Source and amounts of other funding (private, local, other State, federal).
 - Request for a direct payment to vendor (if applicable).
 - Total project cost (Program dollars requested plus other match funding).
 - Documentation of match funding availability.
 - Interest in lease-to-own option or loan assistance program.

(v) Option (5): Three-way truck transaction

- Truck A (retrofitted truck) data.
 - ARB-verified retrofit device company and name of device.
 - ARB Executive Order number for retrofit device.
 - ARB-verified NOx reduction and PM reduction (percentages).
 - Itemized cost information for eligible expenses (verifiable quote).
- Truck B (scrapped truck) data.
 - Equipment owner name (if different from Truck A).
- Equipment project funding demonstration.
 - Total project cost.
 - Program dollars requested.
 - Source and amounts of other funding (private, local, other State, federal).
 - Request for a direct payment to vendor (if applicable).
 - Total project cost (Program dollars requested plus other match funding).
 - Documentation of match funding availability.
- Truck C (new truck) Data
 - Truck make, model, and model year.
 - Manufacturer's gross vehicle weight rating (GVWR).
 - Engine make, engine model, and engine year.
 - Engine horsepower and fuel type.
- Truck C itemized cost information for eligible expenses (verifiable quote).

- Equipment project funding demonstration (combined Truck A and Truck C).
 - Total project cost.
 - Program dollars requested.
 - Source and amounts of other funding (private, local, other State, federal).
 - Request for a direct payment to vendor (if applicable).
 - Total project cost (Program dollars requested plus other match funding).
 - Documentation of match funding availability.

b) Option (6): Truck stop/distribution center electrification

- Electrification infrastructure information.
 - Project description and design, including number and location of electrification units to be installed, with individual and total power requirements.
 - Equipment vendor(s).
 - Itemized cost information by phase (e.g., design, environmental, construction).
- Predicted activity data with new equipment.
 - Estimated annual truck connections to electric power and average connection time.
 - Estimated annual TRU connections to electrical power and average connection time.
 - Expected power usage for trucks and TRUs (separately), each year for the first 10 years of operation.
- Projected emissions and benefits of the project.
 - Emissions with the project over a 10-year period.
 - Emission reductions attributable to the project (beyond those required by law or regulation) for a 10-year period beginning in the 1st year of operation.
 - Demonstration that the weighted emission reductions per State dollar invested is equal or better than 0.20 pounds per State dollar.
- Equipment project funding demonstration.
 - Program dollars requested.
 - Funding sources and amounts of other funding (private, local, other State, federal).
 - Total project cost (Program dollars requested plus other match funding).
 - Documentation of match funding availability.

D. Scrap Requirements

In addition to the general scrappage requirements listed in Chapter IV.A.14., specific requirements for repower, replacement, and three-way truck transaction projects are shown in Table A.1 below.

Table A.1 Truck Equipment Project Scrap Requirements

Source Category	Equipment Project Option	Additional Requirements
Heavy Duty Diesel Trucks	Option (3) Repower	<ul style="list-style-type: none"> • The local agency shall ensure the impound and transport of the old engine to the licensed dismantler within 30 calendar days of the new engine being placed into operation. • The licensed dismantler must dismantle and destroy the old engine within 60 calendar days of receipt. The engine destruction must be done in accordance with these Guidelines. • The engine block shall be punctured and destroyed in such a manner to eliminate the possibility of future operation. • The licensed dismantler shall provide proof of scrappage to the local agency within 10 calendar days of the destruction of the engine. • The local agency or its designee must provide digital photographs, described below, showing the destruction of the old engine. The local agency must receive these photos within 10 calendar days of the engine being scrapped. • The following digital photos must be taken and labeled for the project file: <ol style="list-style-type: none"> 1. Engine tag with serial number, engine family number, and engine model year. 2. Punctured and destroyed engine block.

Table A.1 Truck Equipment Project Scrap Requirements (cont.)

Source Category	Equipment Project Option	Additional Requirements
Heavy Duty Diesel Trucks	Option (4) Replacement	<p>In addition to the requirements listed above for engine repower projects, replacement projects require:</p> <ul style="list-style-type: none"> • The local agency shall ensure the impound and transport of the old truck(s) to the dismantler within 30 calendar days of the replacement vehicle being placed into operation. • The licensed dismantler must dismantle and destroy the old truck(s) within 60 calendar days of receipt. The destruction must be done in accordance with these Guidelines. • Sever the old vehicle frame rails to ensure that the vehicle is rendered useless and to prevent repeated use. • The following digital photos must be taken and labeled for the project file: <ol style="list-style-type: none"> 1. Engine tag with serial number, engine family number, and engine model year. 2. Punctured and destroyed engine block either inside or outside truck body. 3. Vehicle Identification Number printed by manufacturer inside cab. 4. Truck view from front angle capturing entire truck with readable license plate. • The equipment owner or licensed dismantler must file a VIN hold with DMV, and submit either REG 488C "Application for Salvage Certificate or Non-Repairable Vehicle Certificate" or REG 42 "Notice of Acquisition/Report of Vehicle to be Dismantled" to DMV, and submit a copy to the local agency at the time of the post-inspection. Any additional substitute documentation must be verified by ARB to ensure that the scrapped equipment is permanently removed from service. • The licensed dismantler shall provide proof of scrappage to the local agency within 10 calendar days of the destruction of the vehicle.
	Option (5) Three-way Truck Transaction	<ul style="list-style-type: none"> • Truck B (old truck) must be scrapped in accordance with the equipment project scrap requirements listed in Option 4.

E. Post-Inspection

- For truck replacement equipment projects, the post-inspection shall occur within 60 calendar days of the old truck(s) being delivered to a certified dismantler.
- For truck retrofit equipment projects, the post-inspection shall occur within 30 calendar days of installation of the fully operational equipment.
- For truck stop/distribution equipment projects, the post-inspection shall occur within 60 calendar days of owner receipt of fully operational equipment.

Table A.2 Truck Post-Inspection Requirements

Source Category	Equipment Project Option	Additional Requirements
Heavy Duty Diesel Trucks	PM Retrofit or PM + NOx Retrofit	<ul style="list-style-type: none"> • Name, address, and telephone number of company(s) that installed the retrofit. • Name of the retrofit manufacturer(s). • Retrofit model and serial number(s). • Year that the retrofit was manufactured (if not listed on device label, information may be obtained from the retrofit manufacturer by reference to serial number). • Date the retrofit was installed. • If not in the application file, copy of ARB Executive Order documenting the retrofit meets the specifications.
	Repower	<ul style="list-style-type: none"> • Name, address, and telephone number of company(s) that installed the new engine. • Engine make, model, model year. • Engine family name and number. • Engine serial number. • Date the new engine was installed. • If not in the application file, copy of ARB Executive Order documenting that the new engine meets 2010 emissions.

Table A.2 Truck Post-Inspection Requirements (cont.)

Source Category	Equipment Project Option	Additional Requirements
Heavy Duty Diesel Trucks	Replacement	<ul style="list-style-type: none"> • Vehicle type. • Vehicle identification number (VIN). • Vehicle make, model, model year. • Fuel type. • Vehicle license plate number (for a new vehicle, owner shall provide license plate number upon receipt from the DMV). • CA Highway Patrol number. • Engine make, model year, engine year. • Engine family name and number. • If not in the application file, copy of ARB Executive Order documenting that the replacement truck engine meets 2010 emissions, 2007+ emissions, or 2007 emissions, as applicable.
	Three-way Truck Transaction	<p>* See individual post inspection requirements for retrofit and replacement.</p>
	Truck Stop/Distribution Center	<ul style="list-style-type: none"> • Name of power system manufacturer. • Serial number and date of manufacture. • Rated amperage, voltage. • Verification that each project's pedestal and/or external air conditioning/power system is operational. • Inspection shall include verification of operation by connecting heavy duty truck cab and/or transport refrigeration unit (as appropriate) to a random number of pedestals or external air conditioning/power system. • Inspections: <ul style="list-style-type: none"> ○ An initial inspection shall be completed within 60 calendar days of owner receipt of fully operational equipment. <ul style="list-style-type: none"> ▪ The initial inspection shall include a review of equipment owner's procedures to collect use data for first year of operation. ○ A second inspection (which corresponds to the proper post-inspection) shall be completed within 60 calendar days of owner completion of first year of operation. <ul style="list-style-type: none"> ▪ Reimbursement of equipment costs can only be requested after obtaining a satisfactory second inspection.

F. Recordkeeping Requirements

Equipment owners shall retain, at a minimum, all documents, invoices, and correspondence associated with the application award, contract, purchase, installation, equipment operation (and if applicable, registration, insurance, and warranty), and reporting for at least 2 years after the end of the equipment project contact term or 3 years after final payment, whichever is later. Records shall be readily available and accessible to the local agency, ARB, or ARB designee upon request for the purposes of ongoing evaluations or audits.

G. Annual Reporting Requirements

a) Heavy duty diesel trucks

Equipment owners shall be responsible for annual reporting to the local agency except for owners with PM retrofits with a 2-year contract who only need to report at the end of the 2 year project life. The equipment owner shall submit annual reports for the equipment project life. The equipment owner's annual report shall include, but is not limited to:

- Contact information (owner name, address, phone, etc.).
- Proof of California registration or California IRP. Dual plates and out-of-state registrations are prohibited, except for trucks that carry goods across the California/Mexico border and are required to be dual plated (California/Mexico only).
- Proof of insurance.
- Current odometer reading, including the date read (estimate total vehicle mileage if odometer is missing or broken).
- Annual VMT since last report.
- Certification of the required 90 percent or 100 percent California-only operation. Certification of at least 50 percent of travel in the four trade corridors as well as provide the percentage of annual vehicle miles of travel in:
 - Bay Area trade corridor.
 - Central Valley trade corridor.
 - Los Angeles/Inland Empire trade corridor.
 - San Diego/Border trade corridor.
- Summary of maintenance performed and inspections conducted.
- Certification that the bond-funded project was operated in accordance with the signed contract, and that all information submitted is true and accurate.
- Other information as requested by the local agency.

b) Truck stop/distribution center electrification

Equipment owners shall be responsible for annual reporting to the local agency for the project life. The equipment owner annual report shall include, but is not limited to:

- Contact information (owner name, company, address, phone).
- Facility location.
- Project completion date.
- Monthly truck and TRU connections to electrical power and electricity usage for each month in the reporting year.
- Summary of maintenance and inspections conducted.
- Signed certification statement that the bond-funded project was installed and is operating as it was approved in the post-inspection and that all information submitted to the local agency is true and accurate.
- Other information as requested by the local agency.

ADDENDUM
MARCH-APRIL 2011 TRUCK SOLICITATIONS – APPENDIX A:
HEAVY DUTY DIESEL TRUCKS, EQUIPMENT PROJECT SPECIFICATIONS

The effective date of this Addendum is the date on which the Executive Order is fully signed by all parties. All actions noted below are by this reference made a part of Appendix A: Heavy Duty Diesel Trucks, Equipment Project Specifications (Appendix A) and incorporated herein.

This Addendum adds, deletes, or replaces provisions of Appendix A. Deletions to Appendix A are shown below with ~~strikeout~~ text and additions are shown with underlined text unless otherwise noted. ALL OTHER TERMS AND CONDITIONS SHALL REMAIN THE SAME.

CHANGES TO MARCH-APRIL 2011 TRUCK SOLICITATIONS – APPENDIX A: HEAVY DUTY DIESEL TRUCKS, EQUIPMENT PROJECT SPECIFICATIONS

Section A. Equipment Project Specifications, Heavy Duty Diesel Trucks, Eligible Equipment, paragraph 2 is replaced by:

“Equipment owner must demonstrate:

- At least 75% operation within California for the past 2 years.
- At least 5,000 vehicle miles traveled (VMT) each year for the past 2 years.
- Registration:
 - Continuous registration (California base-plated or International Registration Plan (IRP)) in California for the past 2 years, Dual plates and out-of-state registrations are prohibited, except for trucks that carry goods across the California/Mexico border and are required to be dual plated (California/Mexico only), or
 - Current California registration and minimum 8 months available California Department of Motor Vehicles (DMV) registration history supplemented by alternate documentation showing California operation for the past 2 years.
- New engines for repower or replacement projects meet the applicable Program requirements:
 - 2010 emissions means 0.20 g/bhp-hr or less NO_x (FEL and CERT values) and 0.01 g/bhp-hr or less PM (CERT value) as certified by an ARB Executive Order for on-road use.
 - 2007+ emissions means 0.50 g/bhp-hr or less NO_x (FEL and CERT values) and 0.01 g/bhp-hr or less PM (CERT value) as certified by an ARB Executive Order for on-road use.
 - 2007 emissions means 1.20 g/bhp-hr or less NO_x (FEL and CERT values) and 0.01 g/bhp-hr or less PM (CERT value) as certified by an ARB Executive Order for on-road use.
 - For Class 8 trucks the engines must be certified by an ARB Executive Order for on-road use with an intended service of Heavy Heavy Duty Diesel (HHDD) for diesel engines or Heavy Duty Otto (HDO) for applicable alternative fuel vehicles.
- New or used trucks purchased for a truck replacement project must have a manufacturer's GVWR of 26,001 lbs – 33,000 lbs (Class 7) or of 33,001 lbs or greater (Class 8). The replacement truck must be in the same weight classification range (Class 7 or Class 8) as the existing truck, except when the equipment owner chooses to replace 2 eligible trucks for 1 replacement truck under Option (4).”

Section A. Equipment Project Specifications, Heavy Duty Diesel Trucks, General Requirements (applicable to all project options), paragraph 1 is replaced by:

"Equipment owner shall:

- Commit to the project life specified with the applicable equipment project option.
- Adhere to all Program Requirements during the project life.
- Commit to 100% California-only operation (or 90% California-only operation as selected by the equipment owner) and California base-plated registration or California IRP. Dual plates and out-of-state registrations are prohibited, except for trucks that carry goods across the California/Mexico border and are required to be dual plated (California/Mexico only).
- Commit to at least 50% of travel within the four trade corridors for the duration of the project life.
- Maintain current DMV registration at all times during the project life.
- Agree to accept an on-board electronic monitoring unit at any time during project life.
- Agree to equipment inspections.
- Comply with record-keeping, reporting, and audit requirements.
- Sign a legally binding contract with the local agency including project milestone and completion deadlines.
- Properly maintain truck in good operating condition and according to manufacturer's recommendations.
- Maintain collision/comprehensive insurance on the truck for replacements.
- Demonstrate proof of equipment warranty on the program-funded equipment.
- Correct outstanding ARB equipment violations associated with the owner's entire fleet of vehicles."

Section C.2. Application Information, Current equipment and activity information, Heavy duty diesel trucks is replaced by:

"a) Heavy duty diesel trucks

- Truck data.
 - Truck make, model, and model year.
 - Vehicle Identification Number.
 - Gross vehicle weight rating (GVWR).
 - Vehicle license plate number.
 - Engine make, model, engine year, and serial number.
 - Engine horsepower and fuel type.
 - Current odometer reading, including the date read (estimate total engine mileage if odometer is missing or broken).
 - Date a diesel particulate filter was previously installed on truck and verified control level of that filter (if applicable).

- Truck documentation.
 - Current California registration, including registered owner, or California IRP. Dual plates and out-of-state registrations are prohibited, except for trucks that carry goods across the California/Mexico border and are required to be dual plated (California/Mexico only).
 - Registration showing California operation for the past 2 years or 8 months of available California DMV registration history supplemented by alternate documentation showing California operation for the past 2 years.
 - Documentation of current ownership (e.g., copy of title of truck) that will allow the applicant to legally scrap the truck for any truck that will be scrapped or reused. This requirement does not apply to retrofit or repower projects.
 - Other information, as requested by the local agency.
- Vocation and activity data for the past 2 years (unless noted otherwise).
 - Vocation(s) – the types of goods typically transported.
 - Drayage Truck Registry (DTR) status as of June 30, 2010.
 - Number of California port and rail yard visits (combined) in the past 12 months.
 - Annual vehicle miles of travel (VMT) in California.
 - Estimated percentage of annual VMT in:
 - Bay Area trade corridor.
 - Central Valley trade corridor.
 - Los Angeles/Inland Empire trade corridor.
 - San Diego/Border trade corridor.
 - Documentation to verify reported VMT is required. Examples of documentation include logbooks, fuel records, maintenance records, or tax records.
 - For concrete mixer trucks, dump trucks, and other truck types specifically identified by ARB staff, the owner may provide the Power Take Off (PTO) hours in conjunction with VMT:
 - Documentation from the hour meter unit is required.”
 - PTO hours will be converted to miles based on factors supplied by ARB and combined with VMT in the calculation of emission reductions and cost-effectiveness.

Additional documentation may be requested by the local agency.”

Section D. Scrap Requirements, Table A-1, Truck Equipment Project Scrap Requirements is replaced by:

"Table A-1 Truck Equipment Project Scrap Requirements

Source Category	Equipment Project Option	Additional Requirements
Heavy Duty Diesel Trucks	Option (3) Repower	<ul style="list-style-type: none"> • The local agency shall ensure the impound and transport of the old engine to the licensed dismantler within 30 calendar days of the new engine being placed into operation. • The licensed dismantler must dismantle and destroy the old engine within 60 calendar days of receipt. The engine destruction must be done in accordance with these Guidelines. • The engine block shall be punctured and crushed destroyed in such a manner to eliminate the possibility of future operation and use of any components. • The licensed dismantler shall provide proof of scrappage to the local agency within 10 calendar days of the destruction of the engine. • The local agency or its designee must provide digital photographs, described below, showing the destruction of the old engine. The local agency must receive these photos within 10 calendar days of the engine being scrapped. • The following digital photos must be taken and labeled for the project file: <ol style="list-style-type: none"> 1. Engine tag with serial number, engine family number, and engine model year. 2. <u>Punctured and Destroyed</u> engine block.

Table A.1 Truck Equipment Project Scrap Requirements (cont.)

Source Category	Equipment Project Option	Additional Requirements
Heavy Duty Diesel Trucks	Option (4) Replacement	<p>In addition to the requirements listed above for engine repower projects, replacement projects require:</p> <ul style="list-style-type: none"> • The local agency shall ensure the impound and transport of the old truck(s) to the dismantler within 30 calendar days of the replacement vehicle being placed into operation. • The licensed dismantler must dismantle and destroy the old truck(s) within 60 calendar days of receipt. The destruction must be done in accordance with these Guidelines. • Sever the old vehicle frame rails to ensure that the vehicle is rendered useless and to prevent repeated use. • The following digital photos must be taken and labeled for the project file: <ol style="list-style-type: none"> 1. Engine tag with serial number, engine family number, and engine model year. 2. <u>Punctured and Destroyed</u> engine block either inside or outside truck body. 3. Vehicle Identification Number printed by manufacturer inside cab. 4. Truck view from front angle capturing entire truck with readable license plate. • The equipment owner or licensed dismantler must file a VIN hold with DMV, and submit either REG 488C "<u>Application for Salvage Certificate or Non-Repairable Vehicle Certificate,</u>" or REG 42 "<u>Notice of Acquisition/Report of Vehicle to be Dismantled to Dismantler,</u>" or REG 256 "<u>Statement of Facts,</u>" to DMV, and submit a copy to the local agency at the time of the post-inspection. Any additional substitute documentation must be verified by ARB to ensure that the scrapped equipment is permanently removed from service. • The licensed dismantler shall provide proof of scrappage to the local agency within 10 calendar days of the destruction of the vehicle.
	Option (5) Three-way Truck Transaction	<ul style="list-style-type: none"> • Truck B (old truck) must be scrapped in accordance with the equipment project scrap requirements listed in Option 4."

Section G. Annual Reporting Requirements, Heavy Duty Diesel Trucks is replaced by:

"a) Heavy duty diesel trucks

Equipment owners shall be responsible for annual reporting to the local agency except for owners with PM retrofits with a 2-year contract who only need to report at the end of the 2 year project life. The equipment owner shall submit annual reports for the equipment project life. The equipment owner's annual report shall include, but is not limited to:

- Contact information (owner name, address, phone, etc.).
- Proof of California registration or California IRP. Dual plates and out-of-state registrations are prohibited, except for trucks that carry goods across the California/Mexico border and are required to be dual plated (California/Mexico only).
- Proof of insurance.
- Current odometer reading, including the date read (estimate total vehicle mileage if odometer is missing or broken).
- Annual VMT since last report.
- Certification of the required 90 percent or 100 percent California-only operation. Certification of at least 50 percent of travel in the four trade corridors as well as provide the percentage of annual vehicle miles of travel in:
 - Bay Area trade corridor.
 - Central Valley trade corridor.
 - Los Angeles/Inland Empire trade corridor.
 - San Diego/Border trade corridor.
- Summary of maintenance performed and inspections conducted.
- Certification that the bond-funded project was operated in accordance with the signed contract, and that all information submitted is true and accurate.
- Other information as requested by the local agency."