

**DRAFT**

**Appendix B**  
**Draft LGER Project Implementation Manual**

**State of California  
California Environmental Protection Agency**

**AIR RESOURCES BOARD**

**DRAFT IMPLEMENTATION MANUAL  
FOR THE LAWN AND GARDEN EQUIPMENT  
REPLACEMENT PROJECT**



Working Group Draft  
For Discussion Only  
August 26, 2009

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## EXECUTIVE SUMMARY

The purpose of the Lawn and Garden Equipment Replacement (LGER) Project is to encourage further development and deployment of cordless zero-emission lawn and garden equipment. The availability of incentive funding will help bring a variety of residential and commercial cordless zero-emission equipment to the market. The LGER Project will allow up to \$250 per voucher or rebate for each electric cordless residential lawn mower. The LGER Project will be administered and implemented through a partnership between ARB and local air districts (Grantees) designated as non-attainment of the federal 8-hour ozone standard, selected via a competitive ARB solicitation.

The LGER Project Implementation Manual, in conjunction with the Air Quality Improvement Program (AQIP) Guidelines and AQIP Funding Plan for Fiscal Year 2009-10, identifies the minimum requirements for administration, implementation, and oversight of the LGER Project. The Draft Implementation Manual is a work in progress and will continue to be refined throughout the LGER Grantee selection period (See Table 1 on Page 2 for the LGER Project development timeline). Each selected LGER Grantee will update the Implementation Manual in coordination with ARB as part of the project start-up.

The Grantee may also recommend periodic updates to the Implementation Manual as needed to clarify project requirements and improve project effectiveness. The LGER Project Implementation Manual, including any updates, will be posted on the LGER Project webpage at <http://www.arb.ca.gov/msprog/aqip/lger.htm>.

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## 1 INTRODUCTION

In 2007, Governor Schwarzenegger signed into law the *California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007* (AB 118, Statutes of 2007, Chapter 750). AB 118 created the Air Quality Improvement Program (AQIP), a voluntary incentive program administered by ARB to fund clean vehicle and equipment projects, air quality research, and workforce training. ARB's funding, based on projected revenues for AQIP projects in the Fiscal Year (FY) 2009-10 State Budget, is \$34.6 million.

In April 2009, ARB adopted AQIP Guidelines that establish minimum administrative and implementation requirements, providing the overarching rules for how ARB will run this incentive program. The AQIP Guidelines include the procedures for issuing project solicitations and selecting projects. The LGER Project solicitation has been developed in accordance with the provisions of the AQIP Guidelines.

In April 2009, ARB also approved the AQIP Funding Plan for Fiscal Year (FY) 2009-10 (Funding Plan), which serves as the blueprint for expending FY 2009-10 AQIP funds. The Funding Plan establishes ARB's priorities for the funding cycle, describes the projects ARB will fund in FY 2009-10, and sets funding targets for each project. Under the Funding Plan, AQIP funds will be focused on supporting development and deployment of the advanced technologies needed to meet California's longer-term, post 2020 air quality goals. The Funding Plan establishes the LGER Project as one of the four deployment/commercialization projects funded in AQIP for FY 2009-10.

This document constitutes the ARB's Implementation Manual for the LGER Project (Implementation Manual). The purpose of the LGER Project is to replace internal combustion lawn and garden equipment with cordless zero-emission lawn and garden equipment. The project provides rebates or vouchers of up to \$250 for the purchase of cordless zero-emission residential lawn mowers. Incentives provided by the LGER Project will help with the development of cordless commercial and other residential zero-emission lawn and garden equipment, which is necessary in meeting our air quality goals. The LGER Project will be administered and implemented through a partnership between ARB and Grantees, selected via a competitive ARB solicitation. Lawn and garden equipment manufacturers, dealers, and purchasers will also play a key role in ensuring the success of the LGER Project.

This Implementation Manual, in conjunction with the AQIP Guidelines and AQIP Funding Plan, identifies the minimum requirements for administration, implementation, and oversight of the LGER Project.

## 2 PROJECT IMPLEMENTATION

### 2.1 Project Framework

The LGER Project enables up to four eligible Grantees to receive funding to augment their lawn and garden exchange programs. Once the Grantees have been selected via a competitive solicitation, they will receive a LGER Project grant and will apply the funding towards their next lawn mower exchange event.

Key milestones for LGER Project development and implementation are identified in Table 1.

**Table 1: Proposed LGER Project Development and Implementation Timeline**

Action Item	Date or Time Period
Solicitation for LGER Grantees	October 15, 2009
LGER Grantees selected	December 2009
Implementation Manual finalized	December 2009-January 2010
Funding becomes available	January 2010
Annual Status Report to ARB Program Contact	January 2010 – June 2012

This timeline may be changed at ARB's sole discretion.

### 2.2 Eligible Equipment

This section discusses the lawn and garden equipment eligible for grant funding under the LGER Project and the specific criteria that the equipment must meet to be considered eligible.

While both cordless zero-emission commercial and residential lawn and garden equipment are eligible for the LGER Project, only cordless zero-emission lawn mowers for residential use are eligible for vouchers/rebates during the project's first year. Zero emission lawn and garden equipment that have been granted emission reduction credits will not be eligible for LGER Project funding.

### 2.3 Equipment Rebate/Voucher Amount

The equipment rebates/vouchers will depend on the Grantee's program. The maximum funding limit is up to \$250 per rebate or voucher for the purchase of cordless zero-emission residential lawn mower. This section will be finalized once the Grantees have been selected.

## **2.4 Distribution of Rebates/Vouchers**

The distribution of rebates/vouchers will depend on the Grantee's program. This section will be finalized once the Grantees have been selected.

## **3 DUTIES AND REQUIREMENTS**

### **3.1 Air Resources Board**

ARB is responsible for:

- Development of the Draft Implementation Manuals (the Implementation Manual will be finalized in consultation with each Grantee).
- Selecting the Grantees.
- Participating in regular meetings with the Grantees to discuss project refinements and guide project implementation.
- Provide input and review project elements provided by the Grantees, such as the LGER Project webpage and final reports.
- Distribution of project funds to the Grantees.
- Project oversight and accountability.
- Develop and maintain a LGER Project website that will contain all supporting documentation and forms and information on upcoming meetings and events.
- Meet all applicable requirements of statute, the AQIP Guidelines and Funding Plan (adopted by the Board on April 24, 2009), the LGER Project solicitation, the grant agreement with the Grantees, and the LGER Project Implementation Manual. The AQIP Guidelines and Funding Plan are available at: [www.arb.ca.gov/msprog/aqip/aqip.htm](http://www.arb.ca.gov/msprog/aqip/aqip.htm).

ARB shall also designate an ARB Program Contact as the contact person for coordination with the Grantee. The ARB Program Contact for the FY 2009-10 LGER Project is Ms. Grace Garcia. Ms. Garcia can be reached by e-mail at [ggarcia@arb.ca.gov](mailto:ggarcia@arb.ca.gov) or by telephone at (916) 323-2781.

### **3.2 Grantee**

The Grantee is responsible for on-the-ground project implementation, including, but not limited to, the following tasks:

- Finalize the Draft Implementation Manual in consultation with ARB.
- Prepare outreach and educational materials and conduct the outreach necessary for the project to be successful.
- Develop outreach materials that must include, at a minimum:
  1. Include a list of eligible lawn mowers and the customer cost share for each available mower.
  2. Provide information on past or future lawn mower exchange events (number of mowers exchanged, registration date, date and location of exchange events, etc.)

- Track expenditure of LGER Project grant funding.
- Respond to public inquiries regarding the local LGER Project.
- Provide ARB with a LGER Project Final Report.
- Meet all applicable requirements of statute, the AQIP Guidelines and Funding Plan, ARB's LGER Project solicitation, the LGER Project grant agreement with ARB, and this Implementation Manual.

Grantee responsibilities encompass three phases – project development, project implementation, and project reporting.

## **4 PROJECT ADMINISTRATION**

### **4.1 Background**

This section defines the respective roles of the ARB and the Grantee in administering the LGER Project.

### **4.2 Grant Disbursement**

#### Grant Disbursement Authorization and Request:

1. Once the Grantees have been selected to administer the LGER Project, ARB will prepare and submit two original copies of a grant disbursement authorization form to the each Grantee. The responsible party of the Grantee must then sign both copies of the authorization form, keep one copy for their records, and submit the other copy to ARB along with the grant award disbursement form. Once ARB has received the grant award disbursement form, the Grantee will receive ten percent of their LGER Project funding for administrative and outreach costs. Documentation of total rebate/voucher reservations will provide the justification for the Grantee to request the remainder of their funds from ARB.
2. Expenditure Deadline: The Grantee must expend all FY 2009-10 LGER Project funds by June 30, 2012.

### **4.3 Final Report**

The Grantee must provide a Final Report to ARB. The Final Report must include the following information:

1. Total number of new units exchanged (by make and model).
2. Final invoice from equipment dealers/manufacturers.
3. Cost per unit, cost share for customer, and cost share for district.
4. Source(s) and amount(s) of match funding.
5. Total program expenses (outreach and administrative costs, etc.).
6. Remaining grant funding available.
7. Identified problems or concerns.

The Grantee must submit to ARB a Final Report one year after the LGER Project funds have been awarded and each subsequent year until all the funds are expended or until June 30, 2012, whichever occurs first.

#### **4.4 Documentation of Administrative Costs**

Administrative funds shall only be used for costs associated with project implementation related tasks outlined in the AQIP Funding Plan, the project solicitation, the Implementation Manual, or grant agreement with the Grantee. Administrative funds shall be used for LGER Project administration and outreach including: Grantee staff time; consultant fees (if pre-approved by ARB); printing, mailing, and travel costs; and indirect costs such as general administrative services, office space, and telephone services.

The Grantee must maintain documentation of LGER Project funds used for administration and outreach, including:

- Personnel documentation must make use of timesheets or other labor tracking software. Duty statements or other documentation may also be used to verify the number of staff and actual hours or percent of time staff devoted to LGER Project administration and outreach.
- Fees for external consultants must be documented with copies of the consultant contract and invoices. All external consultant fees must be pre-approved by ARB.
- Printing, mailing, and travel expenses must be documented with receipts and/or invoices.
- Any reimbursement for necessary travel and per diem shall be at rates not to exceed those amounts paid to the State's represented employees. No travel outside the State of California shall be reimbursed unless prior written authorization is obtained from ARB. The State's travel and per diem reimbursement amounts may be found online at [www.dpa.da.gov/jobinfo/statetravel.shtm](http://www.dpa.da.gov/jobinfo/statetravel.shtm). Reimbursement will be at the State travel and per diem amounts that are current as of the date costs are incurred by the Grantee.
- If indirect costs are used to document project administrative costs funded by the LGER Project, the Grantee must have an official written policy regarding calculation of these costs. The Grantee must maintain documentation for all costs referenced in the indirect cost calculation formula.

The above documentation, records, and referenced materials must be made available for review during ARB, or its designee, monitoring visits and audits. These records must be retained for a minimum of three years after submittal of the final LGER Project invoice to ARB.

If the Grantee charges unallowable costs for project administration or outreach, it shall be required to substitute eligible administration and outreach expenses

equal to the dollar amount found ineligible, or return the funds for the unallowable cost to the ARB

#### **4.5 In-Kind Services**

The Grantee is encouraged to contribute in-kind services to improve the LGER Project's effectiveness, or match funding to increase the number of lawn mowers funded. Funds expended on in-kind services must meet all the requirements of Section 4.6 of this Implementation Manual and must be documented in the LGER Project Final Report to ARB.

#### **4.6 Match Funding**

The LGER Project requires a 1:1 match and ARB will provide districts with up to one dollar in LGER Project funding toward their local program for every dollar a district spends on a cordless residential electric lawn mower. For the purposes of the LGER Project, Grantee may use funds from past lawn mower exchange events that would have qualified for the LGER Project as part of their matching funds. Contributions to similar lawn and garden exchange programs or other air quality incentive projects (i.e. in-kind match) are not considered eligible match funds. The Project Manager must meet all match funding commitments made in its LGER Project application.

Match funding can only be used in two ways – to increase the number of eligible cordless residential mowers funded, or to increase the rebate/voucher amount provided to eligible equipment (up to the equipment's full incremental cost). All LGER Project match funding or equipment funded with match funds must meet the following criteria:

- Funding from other state or federal revenue sources, such as the Carl Moyer Program or other AB 118 programs, may not be counted as match.
- Match funding must meet the same requirements applicable to LGER Project non-match funds, and eligible equipment purchased wholly or in part with match funding must meet the same requirements as the eligible equipment funded with non-match LGER Project funds.

Documentation of match funding expended on eligible lawn mowers must be retained for a minimum of three years after the exchange event has occurred.

#### **4.7 Earned Interest**

Interest earned by the Grantee or its designee on LGER Project funds must be reported to ARB. All interest income on LGER Project funds, including both equipment rebate/voucher funds and project administration/outreach funds, must be reinvested in the LGER Project to fund additional rebates/vouchers for eligible equipment. The Grantee is responsible for reporting to ARB on all equipment funded with interest earned on LGER Project funds.

The Grantee must maintain accounting records (e.g. general ledger) that tracks interest earned and expended on LGER Project funds, as follows:

- The calculation of interest must be based on an average daily balance or some other reasonable and demonstrable method of allocating the proceeds from the interest-generating account back into the program.
- The methodology for tracking earned interest must ensure that it is separately identifiable from interest earned on non-LGER Project funds.
- The methodology for calculating earned interest must be consistent with how it is calculated for the Grantee's other fiscal programs.
- Earned interest must be fully expended by June 30, 2012.

Documentation of interest earned on LGER Project funds must be retained for a minimum of three years after it is generated. Documentation of interest expended on eligible equipment must be retained for a minimum of three years after the exchange event.

#### **4.8 Records**

Without limitation of the requirement to maintain project accounts in accordance with generally accepted accounting principles, the Grantee must:

- Establish an official file for the LGER Project which shall adequately document all significant actions relative to the project.
- Establish separate accounts which will adequately and accurately depict all amounts received and expended on the LGER Project.
- Establish separate accounts which will adequately and accurately depict all income received which is attributable to the LGER Project.
- Establish an accounting system which will adequately depict final total costs of the LGER Project, including both direct and indirect costs.

#### **4.9 Oversight and Accountability**

Through its administration of longstanding incentive programs such as the Carl Moyer Program, ARB has found that project evaluations and program reviews are essential to ensure that incentive program funds are run in accordance with statutory requirements and that State funds are spent transparently and efficiently.

ARB holds the overarching responsibility for the LGER Project fund oversight and project accountability and other program parameters. As such, ARB is responsible for monitoring and reviewing the Grantee's implementation of the LGER Project. The Grantee shall allow ARB, the Bureau of State Audits, or their designated representative the right to review and to copy any records and supporting documentation pertaining to its development or implementation of the LGER Project. The Grantee must maintain such records for a possible audit for a minimum of three years after final payment from ARB. The Grantee must allow ARB or its designee access to such records during normal business hours and to

allow interviews of any employees who might reasonably have information related to such records.

Responsibilities for LGER Project oversight are as follows:

- ARB has primary oversight responsibility for the LGER Project to ensure transparent and efficient implementation, and that AQIP funds are spent consistent with the requirements of statute, the AQIP Guidelines and Funding Plan, the LGER Project solicitation and grant agreement with the Grantee, and this Implementation Manual. ARB, or its designee, reserves the right to conduct a site visit, evaluation, review, or audit the LGER Project for the life of the project grant.
- If the Grantee detects any potentially fraudulent activity by an equipment dealer it shall notify ARB as soon as possible and work with ARB to determine an appropriate course of action.
- ARB staff or its designees have primary responsibility for conducting program reviews and/or fiscal audits of the LGER Project administration and implementation.
- The Grantee must allow ARB, the California Department of Finance, the California Bureau of State Audits, or any authorized designee access, during normal business hours, to conduct LGER Project reviews and fiscal audits or other evaluations. Granting of access includes, but is not limited to, reviewing project records, site visits, and other evaluations as needed. Project evaluations or site visits may occur unannounced as ARB staff or its designee deems necessary.

#### Project Non-Performance

ARB or its designee has the authority to recoup LGER Project funds which were received based upon misinformation or fraud, or for which a Grantee, dealership, or manufacturer is in significant or continual non-compliance with this Implementation Manual or State law. ARB also retains the authority to prohibit any entity from participating in the LGER Project due to non-compliance with project requirements.

## **5 DEFINITIONS**

This section will be finalized once the Grantees have been selected.

**“ARB Program Contact”** is the ARB staff person, named in this Implementation Manual, which serves as the point of contact for coordination with the LGER Project Grantee.

**“Earned interest”** means any interest generated from State AQIP funds provided to the Grantee and held in an interest-bearing account.

**“Grantee”** means the entity selected by ARB via competitive solicitation to administer the LGER Project. The responsibilities of the Grantee are described in Section 3.2 of this Implementation Manual and in the grant agreement between ARB and the Grantee.

**“Incremental cost”** means the difference in cost between the new cordless residential zero emission lawn mower and the comparable new gasoline fueled residential lawn mower that would be purchased to perform the same function.

**“In-kind services”**, for the purposes of this program, means payments or contributions made in the form of goods and services, rather than direct monetary contributions.

**“Lawn and garden equipment”** means equipment used to maintain lawns and gardens. This equipment is generally, but not exclusively, powered by spark-ignition engines. This equipment is traditionally used in applications such as lawn mowers, edgers, trimmers, leaf blowers, and chainsaws. Equipment that does not fall into this category includes golf carts, specialty vehicles, generators, pumps, and other small utility equipment.

**“Match funding”**, for the purposes of this program, means those funds contributed by the Grantee directly to the LGER Project for the sole purposes of funding additional cordless zero emission residential lawn mowers or increasing the mower rebate/voucher amount. Per Section 4.7 there are only two ways match funding can be used.