

Questions and Answers for Light-Duty Financing Assistance in Disadvantaged Communities Pilot Project (Financing Assistance Pilot Project) Applicant Teleconference Held April 16, 2015, 1:30 p.m. to 2:30 p.m.

Administration

1. Will funds be released in a lump sum or as needed?

Answer: The funds disbursement will depend on the project needs and is determined by deliverables. *See Sample Grant Agreement- Exhibit B, Attachment 1 Work Statement, Budget Summary and Attachment II Project Milestones and Disbursement Schedule, p. 26-27.* While this attachment is for illustrative purposes only, the funds being released are dependent on the milestones of a particular project. An application should include a project plan from inception to completion, identifying milestones. The applicant should include a schedule of disbursement that meets the project needs and are consistent with proposed deliverables.

2. On the budget it mentioned record transfer and retention. Is the transfer transferring the files to your facility by UPS or by email? And how often? This will assist us complete a comprehensive budget.

Answer: In *Grant Solicitation, Section J, Record Retention, p. 12* "The Grantee must establish and maintain project records of participants, financial assistance (loan, grant amount, or other reporting data), vehicle selected, costs, electric vehicle supply equipment (if applicable), and other records, as follows:

1. Identify participant data that is confidential and develop measures to keep this data confidential and secure.

- 2. Retain all project records during the term of the Grant Agreement plus seven years.**

- 3. Return project records to the Air Resources Board (ARB) once the seven years is up.**

4. Store all records in a secured and safe storage facility that maintains confidentiality "

The frequency records would be a minimum of seven years after the term of the grant is completed or upon the termination of the project.

The method of transferring records, either electronically, hard copies, or combination of both, would depend on how files were created and maintained by the program. The information would need to be transferred in a secure and safe manner.

3. Will ARB need to approve each applicant before funds are dispersed?

Answer: No, ARB will not approve each applicant. The administrator will need to approve the applicants based on the criteria outlined in the participant requirements. However, as part of the general grant provisions ARB or its designee has the ability to conduct a program review and audit of the program.

4. Are there page limits or other formatting guidelines for the application narrative?

Answer: No. However, only relevant information should be included.

5. If borrower moves out of California-- will grant funds somehow be recaptured?

Answer: As this is a pilot project, the applicant should propose what actions should be taken if a borrower moves out of California.

6. Is prevailing wage only for construction projects? (i.e.-- will it apply to loan officers or administrative employees)

Answer: Yes, prevailing wage is only for construction projects. It does not apply to loan officers or administrative employees.

7. What liability does the grantee, the participating lender, or borrower have if the borrower certifies they will reside in California for the life of the loan and then unexpectedly must move? Is the grantee, or lender, required to monitor the borrowers to ensure they do not move? What is the consequence to the borrower, lender, and/or grantee should the borrower move from the disadvantaged community (DAC), or California, or both? Would ARB consider modifying the requirement that the borrowers reside in California for the life of the loan?

Answer: As this is a pilot project, the grantee should propose how they plan to require a consumer to continue residing in California in order to meet the participant requirements. See response to question 5.

8. Currently California Pollution Control Financing Authority (CPCFA) only has statutory authority to make loans to small businesses. Many of the businesses supported by our programs are sole proprietorships owned by individuals who are self-employed and use their car for their business. Senate Bill (SB) 535 and SB1275 state the program's intent to serve "consumers," not explicitly individuals. Requiring the borrower to have a certain Federal Poverty Level (FPL) makes the program exclusively to individuals, because businesses do not have FPL ratings. CPCFA respectfully requests that the ARB expand the eligibility of borrowers to

include microbusinesses (defined as four employees or less) where the primary business address is located in a DAC.

Answer: A business owner may be considered an individual or consumer. If the business owner meets the FPL identified as lower income consumer (400% FPL) and lives in a zip code containing a disadvantaged community, then they would be eligible to participate in the program.

9. What is the liability of the grantee should the (participant survey) responses be less than 100%?

Answer: The program requirement is that the grantee must mail out a survey to all participants. As stated in *Sample Grant Agreement, D. Scope of Work, the Grantee and Subcontractor(s), p. 8*, the grantee must survey the participant annually for the term of the loan or financial assistance. If the response rate is an issue, ARB will work with the administrator of the program as the program develops.

10. Would it be allowable for a program partner to administer the survey?

Answer: Yes, the administrator of the program can allow a program partner to administer the survey. This would be considered a subcontractor and costs should be included in the budget for the project.

11. Can we see the answers to the Questions and Answers for the Financing Assistance Solicitation sooner than April 23, 2015, because the proposals are due on April 30, 2015? Or can the April 30, 2015, deadline be extended?

Answer: The answers are being posted on April 23, 2015. Due to the time it has taken to review and provide responses to the questions in this document, ARB is extending the deadline for submitting proposals to May 11, 2015. Application packages must be delivered no later than 5:00 p.m. May 11, 2015. Applications submitted by U.S. Postal Service must be postmarked no later than May 11, 2015. Applications will only be accepted by mail or submitted in person to the following address:

Laura Zaremba-Schmidt
Air Resources Board
Mobile Source Control Division
9480 Telstar Avenue, No. 4
El Monte, California 91731

Please note applications will not be accepted at the Sacramento office.

Applicant Qualifications

12. Community Housing Development Corporation has just completed the first application phase of the CAP&TRADE for two of our properties and we've been invited for the second phase. We will be installing plug-in stations in two of our rental properties. These rental properties are for low-moderate income families. Can we include this in the application narrative?

Answer: We cannot comment about what an applicant includes in their application. However expertise in administering financing assistance programs is addressed in the Solicitation, *Section VII, ELIGIBLE GRANTEES, p.5*. The solicitation states "This solicitation is open to federal, State, or local government entities, non-profit organizations, and organizations or companies with expertise implementing financial assistance programs. An applicant with expertise administering financing assistance programs (which includes, but is not limited to, lending institutions, banks, credit unions, community development financial institutions, or automotive financiers), grant programs, and direct community outreach and education is encouraged to apply."

13. Our funders would like to support the project. Would you need their committed letter attached to the application?

Answer: No. But as part of the application, although not required, letters of support can be submitted.

14. Can an organization who is already administering another Air Quality Improvement Program Greenhouse Gas Reduction Fund funded program apply to administer this pilot program?

Answer: Yes.

Disadvantaged Community

15. Tell the consumer EXACTLY where the funds go other than "disadvantaged communities" without an explanation of what consists of a disadvantaged community or its location.

Answer: The funds for the Light-Duty Financing Assistance Pilot Project are going toward the purchase or lease of advanced technology vehicles (hybrid electric, plug-in hybrids, fuel cell, and battery electric-vehicles) to lower income individuals (defined as 400% the federal poverty level) benefiting disadvantaged communities. Disadvantaged communities are identified by the California Environmental Protection Agency's California Communities Environmental Health Screening Tool that assesses all census tracts in the state to identify areas disproportionately burdened by and vulnerable to multiple sources of pollution. The identified

communities' census tracts are available at:
<http://www.calepa.ca.gov/EnvJustice/GHGInvest/>.

Vehicle Eligibility

16. Can Compressed Natural Gas (CNG) vehicles be financed through this pilot project?

Answer: No, A CNG vehicle is not eligible for this pilot project.

17. For purposes of vehicles leased or purchased under the Light-Duty Financing Assistance in Disadvantaged Communities Pilot Project (Financing Assistance Pilot Project), will a vehicle qualify if it: -falls within the Minimum U.S. EPA Combined Fuel Economy Ratings (found on Table 1 of the grant solicitation), -may or may not be a Hybrid Electric Vehicle (HEV), -is not a Battery Electric Vehicle, Fuel Cell Electric Vehicle, Plug-in HEV, or Zero Emission Vehicle. Peter Metzger

Answer: No, a vehicle that solely falls in the minimum U.S. EPA Combined Fuel Economy Rating in Table 1 is not an eligible vehicle. Eligible vehicles for the purpose of this Financing Assistance Pilot Project solicitation include light-duty passenger vehicles that are either a hybrid electric vehicle (HEV), a plug-in hybrid electric vehicle (PHEV), a battery electric vehicle (BEV), or a fuel cell electric vehicle (FCEV) as stated in the *Solicitation, Section VIII Scope of Work, p.6*.

Funding

18. Can somebody EXPLAIN to me what emission based funding is and why it is used for "direct consumer loans" and "other financing enhancements?"

Answer: Funds used in ARB's incentive programs are used to pay for cleaner vehicles that will reduce emissions. For the Light-Duty Financing Assistance Pilot Project funds will be used for Low Carbon Transportation Investments in the purchase or lease of advanced technology vehicles by lower income individuals benefiting disadvantaged communities.

19. Does this \$1.5 million STAY inside of California or is it shared with other states?

Answer: This is a California Program. As stated in the *Solicitation, Section VII Scope of Work p.6 item B.1*, the participant must currently reside in a zip code containing a disadvantaged community census tract. These communities are identified by the California Environmental Protection Agency's California Communities Environmental Health Screening Tool that assesses all census tracts in the state to identify areas disproportionately burdened by and vulnerable to multiple sources of pollution. The identified communities' census tracts area available at: <http://www.calepa.ca.gov/EnvJustice/GHGInvest/>.

20. Can the funds be used for loan capital? Can the funds be used for programmatic capital?

Answer: We don't understand what is meant by loan capital and programmatic capital. The terms we use are administrative and program costs. The budget needs to lay out the costs to run the program and identify the breakdown in funds.

21. Can the grant be used to capitalize a loan fund? (Grant would be combined with our own funds and lent out)

Answer: See response to question 20.

22. Could it be combined loan capital and cost buy-down? Cost buy-down is key for our target population to afford hybrids

Answer: As mentioned above in question 20, we don't understand what is meant by loan capital. In developing a loan program, more than one type of financing enhancements can be incorporated (i.e., the enhancements can include a combination of a direct loan to a consumer along with price buy-down).

23. Any target of grant dollars per participant?

Answer: There is no target grant dollar amount per participant, but there are funding maximums by vehicle type. See *Solicitation, Section VI, Project Design, p.4*, ARB requirements on the financing assistance project types. If a price buy-down is proposed by a non-profit organization, the funding maximums are as follows:

- i. For a hybrid electric vehicle, 8 year old or newer with combined fuel economy rating of at least 20 miles per gallon of fuel or more depending on the model year as described in Table 1, a maximum price buy-down of \$2,500.
- ii. For a plug-in hybrid and zero emission vehicles, a maximum price buy-down of \$5,000 and in item D, if a lower income consumer is purchasing a BEV, the consumer may request financial assistance under this solicitation of up to \$2,000 in additional funding to fund EVSE and installation expenses.

24. Is \$5,000 grant per participant too high?

Answer: The funding maximums by vehicle type are provided in the *Solicitation, Section VI, Project Design, p4*. See Answer to Question 23.

25. Can grant funding be used for both loan loss reserve and for loan capital? (Loan Capital is dollars lent to the consumer participant).

Answer: Yes, if loan capital is defined as dollars lent to the consumer participant, then an applicant can apply to utilize both financial assistance models. The application should clearly state the financing enhancements that the applicant is going to be utilizing.

26. Can the ARB confirm that the sources of these funds are from the Greenhouse Gas Reduction Fund, which is a non-Federal source?

Yes, the funds for the Light Duty Finance Assistance Pilot Project are from California's Greenhouse Gas Reduction Fund.

Program Requirements

27. Will there be any consideration by ARB to increase the buy-down cap?

Answer: *Solicitation, Section VI Project Design p.4* states that ARB will monitor the pilot projects, at ARB's sole discretion; alteration may be required to the interest rate and price buys-down.

28. Is the 15% max interest rate a non-negotiable?

Answer: The maximum interest rate is not negotiable for this project solicitation. However as stated in the *Solicitation, Section VI Project Design, p.4*, ARB will monitor the pilot projects, at ARB's sole discretion; alteration may be required to the interest rate and price buys-down.

29. Can a grantee work exclusively with a specific car source (fleet department)? Or is a grantee required to do outreach to all car dealerships in its selected communities?

Answer: Yes, a grantee can work with any dealer or car source of their choosing. The requirements are for the vehicle being purchased and the participant purchasing the vehicle. No, the grantee is not required to outreach to car dealerships.

30. I thought I read somewhere in the scope of work that the grantee is required to manage/provide a website accessible to the public in regards to vehicles available to purchase through the project.

Answer: For the Financing Assistance Pilot Project, there is no requirement to manage/provide a website accessible to the public in regards to vehicles available to purchase through this pilot project.

31. Is there any advice on auto maintenance training? Can it be in form of a handout booklet?

Answer: Table 2 of the Solicitation lists the topics to include in the vehicle maintenance training. A handout booklet, provided it contained all the components listed in sufficient detail and approved by ARB prior to program implementation, could be used. ARB will work with the grantee on the development of training materials.

32. There are many personal pieces of information required to be collected by the grantee and reported to ARB perpetuating a statewide issue of multiple agencies holding the same sensitive information in various databases. In an effort to protect borrower information, would ARB be open/able to work with the grantee to find existing government databases where the information already exists for its reports. For example, the DMV maintains a database with Vehicle Identification Numbers for vehicles registered in California that could potentially eliminate the need for the grantee to collect and store the same information.

Answer: No. Data received through the development and implementation of this pilot project will be new and unique. The applicant should describe how the data will be collected and reported to ARB as part of the application package.

33. Is the loan interest rate cap negotiable?

Answer: No.

34. If an application submitted possesses elements that differ in part from the solicitation instructions will the application still be scored or will it be rejected outright as an ineligible counterproposal?

Answer: Applications must include all the Required Elements identified in Section XII or the application will be rejected (See *Solicitation, Section X Application Instructions, p 13*). Applications should describe how all of the pilot project requirements described in the solicitation will be met.

Participant Requirements

35. Will there be a lien hold on the grant/subsidy portion of the funds to preclude the participants from paying of the loan and taking the subsidy? If yes for how long?

Answer: While the solicitation is silent on the need for a lien hold on the grant/subsidy portion of the funds. Safeguards should be proposed to make sure hurdles are included to minimize fraud.

36. We estimate the borrower education requirement could take a minimum of 8 hours to complete. This may represent a significant barrier to program participation because it adds one more day prior to the borrower being able to get a loan and receive their car. Not only will this give the borrower the opportunity to change their mind about this new type of vehicle, but many of these borrowers in DACs don't have leave time from work and are already out on a limb to attend financing events or work with a consultant for a grant. Is the completion of this education mandatory prior to the execution of the loan or could there be a certification that such a course would be completed? Perhaps within 30 days?

Answer: The educational component is mandatory as part of the loan or other financing assistance application/approval process as specified in the *Solicitation, Consumer Education, p.8*. The consumer must go through the educational component prior to receiving the loan or other financial enhancement.

The educational component materials or curriculum must be approved by ARB prior to program implementation. ARB is willing to work with the grantee in developing the educational materials.

37. Can the Financing Assistance Pilot Project Proposal include assisting participants in the EFMP for conventional vehicles?

Answer: No. Eligible vehicles for the purpose of this Financing Assistance Pilot Project solicitation include light-duty passenger vehicles that are a HEV, PHEV, BEV, or a FCEV.

For used vehicles (HEV, PHEV, or zero-emission vehicles including BEV and FCEV), vehicles must be eight years old and newer with a U.S. Environmental Protection Agency (U.S. EPA) combined fuel economy rating of at least 20 miles per gallon of fuel or more depending on the model year. Combined fuel economy ratings requirements are described in Table 1: Minimum U.S. EPA Combined Fuel Economy Rating by Model Year. This pilot project excludes neighborhood electric vehicles and zero-emission motorcycles.

Table 1: Minimum U.S. EPA Combined Fuel Economy Rating by Model Year

Model Year	Minimum U.S. EPA Combined Fuel Economy Rating
2008 – 2009	20
2010	22
2011	25
2012	28
2013	29
2014	30
2015	31