

APPENDIX B

**DRAFT IMPLEMENTATION MANUAL
FOR THE FY 2010-11
LAWN AND GARDEN EQUIPMENT
REPLACEMENT PROJECT**



DRAFT
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EXECUTIVE SUMMARY

The purpose of the Lawn and Garden Equipment Replacement (LGER) Project is to replace internal combustion lawn and garden equipment with cordless zero-emission lawn and garden equipment. For the purposes of this project, corded and reel lawn mowers are not eligible pieces of equipment. The project provides vouchers or rebates of up to \$250 for the purchase of cordless zero-emission lawn and garden equipment. Incentives provided by the LGER Project will help with the development of cordless commercial and other residential zero-emission lawn and garden equipment, which are necessary to meet California's air quality goals.

The LGER Project will be administered and implemented through a partnership between ARB and air districts, selected via a competitive grant solicitation. Ninety percent of LGER Project funding is for the purchase of new eligible lawn and garden equipment, while up to ten percent of LGER Project funding is for air district administration and outreach. Lawn and garden equipment manufacturers, dealers, and purchasers will also play a key role in ensuring the success of the LGER Project.

The LGER Project Implementation Manual, in conjunction with the Air Quality Improvement Program (AQIP) Guidelines and AQIP Funding Plan for Fiscal Year 2010-11, 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 air district selection period (See Table 1 on Page 2 for the LGER Project development timeline). Each selected air district will update the Implementation Manual in coordination with ARB as part of the project start-up. Air districts may also recommend periodic updates to the Implementation Manual as needed to clarify project requirements and improve project effectiveness.

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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 \$40 million.

In April 2009, ARB adopted AQIP Guidelines that establish minimum program 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.

In June 2010, ARB adopted the AQIP Funding Plan for FY 2010-11 (Funding Plan), allocating \$1 million for the LGER Project. The Funding Plan focuses the AQIP on supporting development and deployment of the advanced technologies needed to meet California's longer-term, post 2020 air quality goals.

This document constitutes the ARB's Draft Implementation Manual for the LGER Project (Implementation Manual). The LGER Project provides rebates or vouchers of up to \$250 for the purchase of cordless zero-emission lawn and garden equipment. The LGER Project will be administered and implemented through a partnership between ARB and Grantees, selected via a competitive ARB grant solicitation. Grantee, herein after always referred to as air districts. 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. Definitions of key LGER Project terms are in Section 5 of this manual.

2 PROJECT IMPLEMENTATION

2.1 Project Framework

The LGER Project enables eligible air districts to receive funding to augment their current lawn and garden exchange programs. Once the air districts have been selected via a competitive grant solicitation, they will receive a LGER Project grant and will apply the funding towards their next lawn and garden equipment 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 air districts	November 4, 2010
LGER air districts selected	December 21, 2010
Implementation Manual finalized	Early 2011
Funding becomes available	Early 2011
Status Report to ARB (at ARB's request)	Due 90 calendar days following the final lawn mower exchange event
Final Report to ARB Project Contact	Due 90 calendar days following the final lawn mower exchange event
Expenditure Deadline	June 30, 2013

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 criteria that the equipment must meet to be considered eligible.

Cordless zero-emission lawn and garden equipment are eligible for vouchers/rebates. Reel mowers are not eligible for funding under the LGER Project.

Zero-emission equipment engine families that have been granted zero-emission equipment credits for use with an engine or engine family averaging, banking, or trading system will not be eligible for LGER Project funding, or will be discounted to ensure emission reductions achieved are surplus to the Small Off-Road Exhaust and Evaporative Control Regulation.

2.3 Match Requirement

The LGER project requires a one to one match. ARB will provide air districts with up to one dollar in LGER Project funding toward their local program for every dollar they spend on eligible lawn and garden equipment (as detailed in Section 2.2). Each air district must match the total grant amount awarded under the LGER Project. Match funding must be new funds allocated for future exchange events. 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. Remaining LGER Project funds from FY 2009-10 may not be used as match for the current funding cycle and match funding may not be used to cover administrative costs (requirements for match funding are detailed in Section 4.5).

2.4 Equipment Rebate/Voucher Amount

The equipment rebates/vouchers will depend on the air district's current program. The maximum funding limit is up to \$250 per rebate or voucher for the purchase of cordless zero-emission lawn and garden equipment. Specific rebate/voucher funding limits for other lawn and garden equipment are to be determined by ARB in its sole discretion. This section will be finalized once the air districts have been selected.

2.5 Distribution of Rebates/Vouchers

The process for the distribution of rebates/vouchers will depend on the air district's current program. This section will be finalized once the air districts have been selected.

3 DUTIES AND REQUIREMENTS

3.1 Air Resources Board

ARB is responsible for:

- Development of the Draft Implementation Manual (the Implementation Manual will be finalized by each selected air district in coordination with ARB).
- Selecting the air districts.
- Participating in regular meetings with the air districts to discuss project refinements and guide project implementation.
- Provide input and review project elements provided by the air districts, such as the LGER Project webpage, final reports and status reports (if applicable).
- Distribution of project funds to the air districts.
- Project oversight and accountability (in conjunction with the air district).
- Maintain the AQIP LGER Project website.
- Meet all applicable requirements of statute, the AQIP Guidelines and Funding Plan, the LGER Project solicitation, the grant agreement with the air districts, and the LGER Project Implementation Manual.

ARB shall also designate an ARB Project Liaison as the contact person for coordination with the air district. The ARB Project Liaison for the FY 2010-11 LGER Project is Ms. Grace Garcia. Ms. Garcia can be reached by e-mail at ggarcia@arb.ca.gov or by telephone at (916) 323-2781.

3.2 Air Districts

The air districts are responsible for 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 and update as needed a user-friendly public webpage to provide general information about mower exchange events including at a minimum:
 - List of eligible lawn and garden equipment
 - Voucher/rebate amounts
 - Dates and locations of exchange events
- Conduct one or more public lawn and garden equipment exchange event.
- Destroy old lawn and garden equipment.
- Track voucher or rebate reservations.
- Track expenditure of LGER Project grant funding.
- Respond to public inquiries regarding the LGER Project.
- Provide ARB with a LGER Project Status Report that must include the information outlined in section 4.3.1 of this manual (at ARB's request). The grant agreement with the air district may specify an electronic format for reporting.
- Provide ARB with a LGER Project Final Report that must include the information outlined in section 4.3.2 of this manual. The grant agreement with the air district may specify an electronic format for reporting.
- Meet all applicable requirements of State law, the AQIP Guidelines and Funding Plan, this solicitation, the LGER Project Implementation Manual, and the LGER grant agreement with ARB.

Air district responsibilities encompass three phases to ensure the efficient and proper distribution of payments for eligible equipment – project development, project implementation, and project reporting.

Conflict of Interest

The LGER Project air districts may have no interest, and shall not acquire any interest, direct or indirect, which will conflict with its ability to impartially complete the project tasks described above. Selected air districts must disclose any direct or indirect financial interest or situation which may pose actual, apparent, or potential conflict of interest with its duties at the time of the LGER Project solicitation. Although applicants are not automatically disqualified due to a potential or appearance of a conflict of interest at the time of the LGER Project solicitation, ARB may consider the nature and extent of any potential or apparent conflict of interest in evaluating the proposal. Selected air districts must immediately advise ARB in writing of any potential new conflicts of interest throughout the grant term.

4 PROJECT ADMINISTRATION

4.1 Background

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

4.2 Disbursement of Project Funding

4.2.1 Equipment Funding

Ninety percent of the air district's grant award must be used for eligible equipment rebates/vouchers. The air district may request these funds once they have documentation of rebate/voucher reservations. The air district may request equipment funds up to the amount for which they have documented rebate/voucher reservations using the Grant Disbursement Request Form. An electronic copy of the grant disbursement request can be found on our AQIP LGER Project webpage at: <http://www.arb.ca.gov/msprog/aqip/lger.htm> .

4.2.2 Administration Funding

The air district may receive up to ten percent of LGER Project funding from ARB as seed money to use for administrative and outreach costs associated with their current lawn mower exchange program.

4.3 Accounting of State Funds

The air district must provide ARB with documentation accounting for the proper expenditure of State funds. Documentation must be provided annually to ARB following the completion of the final lawn mower exchange event each year of LGER Project funding.

ARB expects all LGER Project funds to be expended within the first year the funds are awarded. However, if all LGER Project funds have not been expended within the first year, air districts must submit additional (status) reports each subsequent year until all the funds are expended or until June 30, 2013, whichever occurs first. All funds must be expended by June 30, 2013.

4.3.1 Status Report

The air district must submit a Status Report no more than 90 calendar days following the final lawn and garden exchange event each fiscal year of LGER Project funding. Please note that this deadline may be changed at ARB's sole discretion. Each Status Report should reflect exchange event(s) held during the current funding cycle and must include, at a minimum, the following information:

1. Total number of new pieces of equipment (by equipment type, make, and model) funded with LGER Project funds.
2. Total number of new pieces of equipment (by equipment type, make, and model) funded with match.
3. Invoice from equipment dealers/manufacturers.

4. Cost per piece of equipment, cost share for customer, and cost share for district.
5. Total project expenses (outreach and administrative costs, etc.).
6. Remaining grant funding available.
7. Identified problems or concerns

4.3.2 Final Report

The air district must submit to ARB a Final Report no more than 90 calendar days following the final lawn and garden exchange event. Please note that this deadline may be changed at ARB's sole discretion. The Final Report must reflect exchange event(s) held during the final funding cycle of LGER Project funding. The Final Report must include, at a minimum, the following information from the final year of LGER Project funding:

1. Total number of new pieces of equipment (by equipment type, make, and model) funded with LGER Project funds.
2. Total number of new pieces of equipment (by equipment type, make, and model) funded with match.
3. Final invoice from equipment dealers/manufacturers.
4. Cost per piece of equipment, cost share for customer, and cost share for district.
5. Source(s) and amount(s) of match funding.
6. Fiscal year(s) from which the match funding was derived.
7. Total project expenses (outreach and administrative costs, etc.).

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 air district. Administrative funds shall be used for LGER Project administration and outreach including: air district 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 air district 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.
- 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

<http://www.dpa.ca.gov/personnel-policies/travel/hr-staff.htm> .

Reimbursement will be at the State travel and per diem amounts that are current as of the date costs are incurred by the air district.

- If indirect costs are used to document project administrative costs funded by the LGER Project, the air district must have an official written policy regarding calculation of these costs. The air district 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 the final exchange event has occurred.

If the air district 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 Match Funding

Match funding can only be used to increase the number of eligible cordless zero-emission lawn and garden equipment funded. All LGER Project match funding 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 funds, and eligible equipment purchased with match funding must meet the same requirements as the eligible equipment funded with LGER Project funds.

4.5.1 Documentation of Match Funding

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

Air districts must report funds used to meet the one to one match requirement. Funds provided as additional match are not subject to reporting requirements. Documentation of match funding should reflect the number of eligible mowers purchased and must include, at a minimum, the following information:

- Type, make, and model of each piece of eligible lawn and garden equipment funded with match funding.
- Source(s) and amount(s) of match funding.

- Fiscal year(s) from which the match funding was derived.

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

4.6 Earned Interest

Interest earned by the air district 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 air district is responsible for reporting to ARB on all equipment funded with interest earned on LGER Project funds.

The air district must maintain accounting records (e.g. general ledger) that tracks interest earned and expended on the LGER Project, 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 project.
- 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 air district's other fiscal programs.
- Earned interest must be fully expended by June 30, 2013.

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 final exchange event has occurred.

4.7 Records

Without limitation of the requirement to maintain project accounts in accordance with generally accepted accounting principles, the air district 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.

4.8 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 expended in accordance with statutory requirements and that State funds are spent transparently and efficiently. ARB holds the overarching responsibility for LGER Project fund oversight and project accountability and has final authority regarding equipment eligibility and other program parameters. As such, ARB is responsible for monitoring and reviewing the air district's implementation of the LGER Project. 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 air district, 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 air district 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 project reviews and/or fiscal audits of the LGER Project administration and implementation.
- The air district 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 an air district, 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 air districts have been selected.

“ARB Project Liaison” is the ARB staff person, named in this Implementation Manual, which serves as the point of contact for coordination with the air districts.

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

“Lawn and Garden Exchange Event” is an occasion where gas powered lawn and garden equipment is exchanged for cordless zero-emission lawn and garden equipment.

“Expend” for the purpose of this project means the payment of funds on an invoice for eligible equipment.

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

“In-kind services”, for the purposes of this project, 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 project, means those funds contributed by the air district directly to the LGER Project for the sole purposes of funding additional cordless zero emission residential lawn mowers.