

APPENDIX B

SAMPLE IMPLEMENTATION MANUAL

Diesel Filter Replacement Program Sample Draft Implementation Manual For Fiscal Year 2018-19

The Implementation Manual for FY 2018-19 Diesel Filter Replacement Program will be developed by CARB, in conjunction with the Grantee, after execution of the Grant Agreement through a public work group process. The Implementation Manual must be made available and may be periodically updated as needed to clarify program requirements and improve program effectiveness.

Mobile Source Control Division
February 15, 2019



**DRAFT IMPLEMENTATION MANUAL
FOR THE DIESEL FILTER REPLACEMENT PROGRAM**

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SAMPLE FORMS FOR THE-DIESEL FILTER REPLACEMENT PROGRAM

Attachment A

I. INTRODUCTION AND BACKGROUND

A. Funding Background

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 the California Air Resources Board (CARB or the Board), to fund clean vehicle and equipment projects, air quality research and workforce training.

As required in Health and Safety Code (HSC) Section 44274(a), the Board adopted regulatory guidelines in 2009 for AQIP. The Guidelines for the AB 118 Air Quality Improvement Program (Guidelines)¹ define the overall administrative requirements and policies and procedures for program implementation based on the framework established in statute. Central to the Guidelines is the requirement for a Board-approved annual funding plan developed with public input. The funding plan is each year's blueprint for expending AQIP funds appropriated to CARB in the annual State Budget. The funding plan focuses AQIP on supporting development and deployment of the advanced technologies needed to meet California's longer-term, post 2020 air quality goals.

With the passage of AB 8 (Perea, Chapter 401, Statutes of 2013) the funding for AQIP is extended until January 1, 2024. AB 8 also requires CARB, when considering projects for AQIP funding, to provide preference to projects with higher benefit-cost scores.

B. Project Background

In 2012, Cleaire Advanced Emission Controls, Incorporated (Cleaire) voluntarily recalled its LongMile verified diesel emission control system (VDECS or PM filter). During the recall, Cleaire replaced the LongMile with either a certified silicon carbide core, a Cleaire Muffler Module (CMM), or removed the entire system. However, several months later Cleaire ceased operation and their assets were acquired by ESW CleanTech Incorporated (ESW CleanTech or ESW), a manufacturer of verified on-road and off-road diesel emissions control strategies. ESW CleanTech has provided product support of the Cleaire product line since the closure.

Between May 2015 and March 2017, the Sacramento Metropolitan Air Quality Management District (SMAQMD) and ESW CleanTech entered into a Grant Agreement to provide reimbursement for up to \$6.3 million in filter substrate replacements through the Proposition 1B Goods Movement Emission Reduction Program (Proposition 1B or Prop 1B). These replacements ensured reductions of particulate matter consistent with the original system operations prior to the recall.

¹ The Guidelines for the AB 118 Air Quality Improvement Program are available at: www.arb.ca.gov/msprog/qaip/qaip.htm

However, some fleets could not qualify for Proposition 1B funding or could not meet required temperature or engine family criteria.

Staff will work closely with the Grantee and stakeholders to determine final eligibility criteria and identify potential funding recipients.

II. PROGRAM OVERVIEW

The Diesel Filter Replacement Program is administered and implemented through a partnership between CARB, ESW Cleantech and the Grantee (selected via a competitive CARB grant solicitation). CARB will set the requirements and develop the eligibility criteria for eligible Diesel Filter Replacement projects to apply for funding through the program. The Grantee is responsible to verify all the project eligibility requirements have been met by the applicants, and to distribute funding after an applicant has submitted the supporting documentation and required items.

The FY 2018-19 Grant Solicitation and the Funding Plan, identify the minimum requirements for implementing the Diesel Filter Replacement Program. The draft Implementation Manual for the FY 2018-19 Diesel Filter Replacement Program (Implementation Manual) provides the necessary definitions, explanations, and processes associated with the minimum requirements. A final Implementation Manual will be developed by the Grantee and CARB, in conjunction with ESW Cleantech, through a public work group process upon execution of the Grant Agreement. The Implementation Manual may be periodically updated by the Grantee in conjunction with CARB as needed to clarify program requirements and improve program effectiveness.

Key milestones for Diesel Filter Replacement Program implementation for FY 2018-19 are identified in Table 1.

Table 1 - Draft Implementation Timeline

Action Item	Date or Time Period
FY 2018-19 Diesel Filter Replacement funding is available to award to eligible Diesel Filter Replacement Projects. Installations proceed.	June 2019
Project implementation concludes	December 2020

III. SAMPLE APPLICANT PROCESS

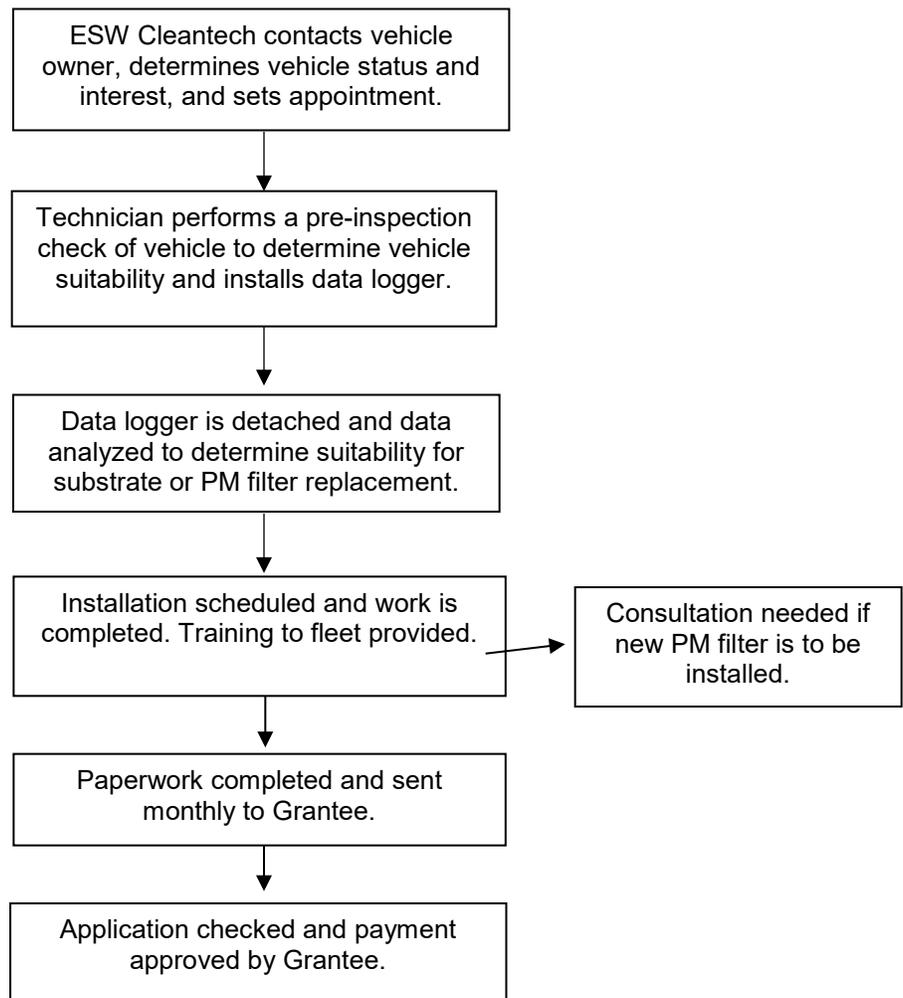
This section defines the respective duties and requirements of the Grantee and Contractor in implementing the Diesel Filter Replacement Program.

The Grantee shall work with prospective contractor ESW Cleantech and CARB to develop a final Implementation Manual through a public work group process in coordination with CARB and ESW Cleantech.

A. The Application Process

The Grantee is responsible to contract for project implementation to receive applications from ESW Cleantech, verify all the by eligible project requirements are met and distribute funds for completed projects. Depending on the Grantee's application, CARB anticipates the following general process for each completed project in Figure 1. The Grantee shall collaborate with ESW Cleantech and CARB on a final process.

Figure 1- Sample Diesel Filter Replacement Process Flow



B. Grantee and Prospective Contractor Responsibilities

The prospective contractor ESW Cleantech shall coordinate with the Grantee to:

- a. Identify eligible projects and contact potential applicants to coordinate and schedule upgrade.
- b. Conduct site visits, inspections, data logging, and installations (including pre-and post-inspections of the installed filter substrate replacement kit). Notify the Grantee if the PM Filter and/or any related equipment shows any evidence of tampering observed during the pre-inspection.
- c. Provide written justification for any vehicle to the Grantee that is determined to be non-viable for installation of the filter substrate replacement kit and identify an appropriate CARB-verified Level 3 diesel emission control strategy (DECS) retrofit device from their list of CARB currently verified devices.
- d. Receive permission from Grantee, in consultation with CARB, to install a new verified PM filter when a substrate replacement is not appropriate based pre-inspection check and the data logging report documentation stating the vehicle did not meet the temperature requirement. Testing and analysis documents completed under previous PM filter replacement programs may be considered.
- e. Total cost of the replacement CARB-verified Level 3 DECS shall not exceed \$20,000, subject to change, including all applicable labor, taxes, or additional costs and/or fees, and removal of the previously installed equipment without Grantee and CARB approvals.
- f. Install the filter substrate replacement kit or new PM filter (per CARB Verification Procedure) on viable and eligible vehicles that participate in the program. Equipment disposal shall be in an appropriate manner.
- g. Notify the Grantee after the installation is complete and submit on a periodic basis (anticipated to be monthly) an invoice with supporting documentation for reimbursement.
- h. Grantee will use the approved criteria, payment authorization limit, and requirements to review, verify the project eligibility, and approve or disapprove applications and document the process.

- i. The Grantee will have 30 working days to reimburse the applicant after determining that the Claim for Payment packet(s) are complete.
- j. Customer and vehicle data are to be collected for each installation, entered into a database, and upon request shall be downloaded and sent to the Grantee.
- k. Provide a part testing report of all failed components that result in exceedance of any Payment Authorization Limits. Photographs may be required.
- l. Program participants are not to be charged for any additional costs or fees for the installation of the filter substrate replacement kit or new PM filter, subject to Grantee approval. Entering into a separate agreement with the Program Participant to cover additional parts and labor not covered by the Diesel Filter Replacement Program is prohibited unless approved by the Grantee and CARB.
- m. Educate applicants/participants on proper use and maintenance of the diesel PM filter in accordance with the Verification Procedure outlined in California Code of Regulations Title 13, Section 2706(v).

IV. PROJECT REIMBURSEMENT REQUIREMENTS

As a condition for receiving CARB funds, the applicant must comply with the requirements Diesel Filter Replacement Program. Final requirements will be developed by CARB and the Grantee through a public work group process, upon execution of the Grant Agreement. The applicant is responsible for reviewing the Diesel Filter Replacement Program requirements.

The applicant must submit the supporting documentation to the Grantee after the installation is complete and submit on a periodic basis (anticipated to be monthly) an invoice with supporting documentation for reimbursement.

- a. Vehicle Owner/Operator
- b. Company Name
- c. Vehicle Unit Number
- d. Vehicle Identification Number
- e. Vehicle Year/Model
- f. Vehicle Body Type/Application
- g. Engine Information & Family Name
- h. PM Filter Family Name and Serial Number
- i. Customer Contact Information
- j. Pre-Installation Compatibility Check List for Installation

- k. Program Reimbursement Request Form
- l. Program Reimbursement Invoice
- m. Description of any extra tasks completed
- n. Total Cost including itemized amounts
- o. Approval Documents for any excess charges
- p. Confirmation that training and warranty information was provided

Upon completion and verification of all requirements, the Grantee distributes reimbursement to the Applicant.

V. ELIGIBILITY CRITERIA FOR PROJECT PARTICIPANT

This section discusses the criteria of eligible projects for funding under the Diesel Filter Replacement Program and the specific requirements that a project and the entity must meet to be considered eligible for funding. At CARB's discretion, these requirements may change during the program term or through the public work group process.

Vehicles qualified for funding must have had an eligible recalled Cleaire Longmile PM filter installed and may qualify for one of the following projects:

- a. Substrate replacement kit installation
- b. Verified diesel PM filter replacement

The Implementation Manual will determine final eligibility criteria and priority of potential funding recipients. Eligibility criteria may include, but not be limited to: age of the vehicle, whether the vehicle is subject to any upcoming regulatory requirements, type of operations, whether the vehicle is eligible for substrate replacement or full diesel particulate matter filter replacement, and location or operation in disadvantaged or low income communities.

Vehicles eligible for the substrate replacement kit installation shall receive priority due to the greater cost-benefit effectiveness.

Emissions reductions must be surplus to regulatory requirements per AQIP Guidelines. Participating fleets shall be compliant with CARB diesel regulations. Eligible vehicles may not have any DMV VIN Stops or registration holds through CARB Enforcement actions.

VI. ADDITIONAL RESPONSIBILITIES

The Grantee must meeting the following:

- a. Maintain copies of all disapproved applications and related correspondence.

- b. Establish and maintain financial and project records of projects funded by the Grantee (see Sample Grant Agreement, Section K).
- c. Store all records in a safe and secure storage facility that maintains confidentiality and provides fire and natural disaster protection (see Sample Grant Agreement, Section M).
- d. Develop and maintain accounting procedures to track expenditures by grant award specified.
- e. Establish a process for returned award funds as a result of uncashed checks, prorated returns, cancellations, etc.
- f. Respond to public inquiries regarding the Diesel Filter Replacement Program.
- g. Provide periodic data summaries to the public in response to data requests.
- h. Establish and maintain oversight authority to verify projects, are on track to complete the project milestones, and funds are spent as intended and for the approved costs.
- i. Provide a monthly filter substrate installation schedule or one mutually agreed upon. In addition, a schedule of projected installations should be provided to the Grantee and updated periodically but no less than on a quarterly basis.
- j. Provide quarterly Status Reports to CARB in an agreed upon format.
- k. Provide CARB with The Diesel Filter Replacement Program Final Report that summarizes and evaluates total fund expenditures, projects funded, estimated emission reductions achieved for each project, outreach efforts, implementation challenges, and recommended potential program improvements of the Sample Grant Agreement for more details).
- l. Meet applicable requirements or statutes, the AB 118 AQIP Guidelines, the FY 2018-19 Funding Plan, this solicitation, the Grant Agreement with CARB, and the Implementation Manual.

VII. TERM AND CONDITIONS

The Grantee of the Diesel Filter Replacement Project is responsible for meeting the terms and conditions of the program. The specific terms and conditions for the eligible entity who applies for the Diesel Filter Replacement and the application process will be determined by CARB through a public work group process, after the Grant Agreement is executed.

VIII. DEFINITIONS

Definitions will be developed through the public workgroup process.

ATTACHMENT A

SAMPLE FORMS FOR THE DIESEL FILTER REPLACEMENT PROGRAM

The Grantee will work in conjunction with ESW Cleantech to develop an efficient application and payment process and are for illustrative purposes only. Sample examples that were used in previous PM filter replacement programs are in Exhibits I through IV. Final forms may also include certain terms and conditions determined by CARB.

Exhibit I – Sample Electronic Data Submittal

Sample Electronic Data Submittal	
Categories	Data
End User Customer	
Engine Serial Number	
Unit Number	
Product Name	
Kit Number	
MLC Part Number	
MLC Serial Number	
Verification Label Serial Number	
EPA Family	
Application	
Vehicle Type	
Vehicle Make	
Vehicle Model	
Vehicle Year	
Engine Make	
Engine Hours	
Engine Miles	
Engine Model	
Engine Number	
Engine Year	
End User Customer	
Customer Name/ID	
Customer Contact	
Customer Address	
Customer City	
Customer State	
Customer Zip Code	
Customer Phone Number	
Dealer/Distributor ID	

Exhibit II – Sample Reimbursement Request



Additional Reimbursement Request

Customer Name:	Date:
Contact Name:	
Contact Number:	Location:
Unit Number:	Vehicle Type:
Engine Make:	Engine Model:
Engine Rating:	Engine Year:
Engine Family:	
Notes:	

Pictures:

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Additional Cost:

Parts	Labor	Total

Total Amount Requested:

Submitted By: Approved By:

– ADVANCED TECHNOLOGY FOR A CLEANER FUTURE –

ESW CleanTech Inc., 6755 Mira Mesa Blvd, Suite 123-122, San Diego, CA 92121 • Tel: 800-379-1505 • Fax: 800-379-1505
 A subsidiary of Environmental Solutions Worldwide, Inc.
www.eswgroup.com

Exhibit III – Sample Reimbursement Invoice

Sample Reimbursement Invoice



Invoice

Remit To
 ESW CleanTech Inc
 PO Box 844635
 Los Angeles, CA 90084-4635

Date 9/2/2015
Invoice # 28413
Cust. Acct. No. 281
PO # TEST
Ship Via
Tracking #
Memo CEMEX #36984
Created From Sales Order #23415
Order Type Stock
Dealer Claim Number
Warranty Case
ESW CleanTech Expe...
Customer Message

Bill To
 SACRAMENTO METROPOLITAN ...
 CITY GOVERNMENT OFFICE
 777 12TH ST #3
 SACRAMENTO CA 95814
 United States

Ship To
 SACRAMENTO METROPOLITAN ...
 CITY GOVERNMENT OFFICE
 777 12TH ST #3
 SACRAMENTO CA 95814
 United States

Item	Qty	Description	Comment	V-Tag S/N	Unit Price	Tax	Amount
LMP3-349-E	1	LMP3, P3, 275-349 HP, EGR/ACERT			4,366.60		4,366.60
LMP3-L-800	1	LABOR FOR SIC KIT INSTALLATION			800.00		800.00
CMA-4	1	SENSOR, THERMOCOUPLE			94.71		94.71
LMP3-L-MISC	1	LABOR, LONGMILE-S CASES	THERMOCOUPLE INSTALLATION LABOR		30.00		30.00
CUE-406-1	1	HARNESS, LONGMILE-S			197.75		197.75
LMP3-L-MISC	1	LABOR, LONGMILE-S CASES	WIRING HARNESS INSTALLATION LABOR		100.00		100.00

CEMEX UNIT 36984 ESN 46638372, VIN 1BABBABB123
 REPLACED THERMOCOUPLE AND WIRING HARNESS
 FINAL INVOICE

Total **\$5,619.06**

NET 30 DAYS. A service charge of 1 1/2% per month (effective rate of 18% per annum) will be charged on past due accounts. Material returned for credit or exchange must show this invoice number. All material returned for credit or exchange must have an RA. All material returned for credit will result in a 25% restocking charge. Special order and/or custom fabricated items are nonrefundable.

Exhibit IV – Sample Receipt of Installation Form

Receipt of Installation Form

<div style="background-color: black; width: 100px; height: 20px; margin: 0 auto;"></div> <p>Filter Substrate Replacement Program Receipt of Installation</p>

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Program Number

Date of completion

Filter Recipient	Lead Installer Information
Owner Name: _____	Name: _____
Address: _____	Title: _____
City, State, Zip: _____	ESW Location: _____
Phone: _____	Phone: _____

ESW Installer must complete the following:

Initial _____ Filter substrate replacement kits were successfully installed on _____ trucks.
Detailed truck information is located in the fleet specific electronic data submission.

Initial _____ Installed substrate replacement after inspection of existing truck and filter system to determine compatibility.

Initial _____ Trained the participant on the proper maintenance and operation of the replacement filter.

Initial _____ Provided a copy of the substrate replacement warranty information.

Participant must agree to the following:

Initial _____ Agree to operate the truck with the installed filter for at least two years after installation.

Initial _____ Acknowledge receipt of equipment and confirm that ESW installed the equipment.

Initial _____ Acknowledge that ESW provided training on the maintenance and operation of the Diesel Particulate Filter system.

I certify under penalty of perjury, under the laws of the State of California that the information provided is accurate

Signature of Participant: _____ Date: _____

Printed Name of Participant: _____

Signature of ESW Installer: _____ Date: _____

Printed Name of ESW Installer: _____

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