

January 19, 2007

**REQUEST FOR PROJECTS**  
**\$25 MILLION FOR THE PURCHASE OF LOW-EMISSION CONSTRUCTION**  
**EQUIPMENT BY PUBLIC AGENCIES**

California Air Resources Board  
January 19, 2007

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## **I. BACKGROUND**

In the 2006-2007 Budget Bill, \$25 million was allocated for grants to public agencies for the purchase of low-polluting construction equipment if the Transportation and Air Quality Bond, Proposition 1B, in the November 2007 election were approved.

Excerpted from 2006-2007 Budget Bill, AB 1801, Chapter 47, Statutes of 2006 (Chaptered on June 30, 2006).

Provisions:

2. Of the funds appropriated in this item, \$25,000,000 shall be available for grants to public agencies to purchase low-polluting construction equipment if the Transportation and Air Quality Bond is passed by the voters at the November 4, 2006, general election; otherwise, these funds are allocated for replacement of pre-1977 model-year school buses.

On November 7, 2007, Proposition 1B was approved providing \$200 million for the replacement and retrofit of school buses. Therefore this one-time allocation of \$25 million is now available for public agency construction fleets.

Construction equipment emits significant quantities of toxic diesel particulate matter and nitrogen oxides that form smog and particles in the atmosphere. In 2007, the Air Resources Board (ARB) will be considering a proposed in-use off-road diesel vehicle rule which will apply to both public and private fleets. This Request for Projects (RFP) only allows funding of projects that will help fleets comply with the in-use off-road diesel vehicle rule with the intention that it is meant to purchase engines and equipment that will remain in agencies' fleets long-term. This \$25 million will assist public agencies in providing leadership in cleaning up their fleets in advance of the rule, while also providing early emission reductions and relieving some of the financial burden.

## **II. DEFINITIONS**

The following definitions apply to the terms used to describe the requirements for this RFP:

**A.** Construction equipment – heavy power, self-propelled, mobile machines which perform specific construction or demolition functions. This equipment includes, but is not limited to, loaders, backhoes, paving equipment, cranes, rollers, trenchers, rough terrain forklifts, and crushing equipment. The following equipment will not be eligible for funding: generator sets, farming equipment, aircraft ground support equipment, forklifts that are neither rough terrain nor powered by diesel engines, scrubbers/sweepers, turf care

equipment, and other industrial equipment. Funding is limited to diesel construction equipment.

- B.** Public agencies – municipalities defined in title 13, California Code of Regulations (CCR), section 2020 as a city, county, city and county, special district, or a public agency of the United States or the State of California, and any department, division, public corporation, or public agency of this State or of the United States, or two or more entities acting jointly, or the duly constituted body of an Indian reservation or rancheria. Any public agency whose equipment is subject to the ARB public on-road fleet rule, transit fleet vehicle rule, urban bus rule, or solid waste collection vehicle rule is eligible for this funding.

### **III. ELIGIBLE PROJECTS**

Funding is available for the cleanest available low-emission technology, which includes the following: A) purchase of the cleanest available construction equipment for the horsepower category, B) repower with the cleanest available engine for the horsepower category, or C) installation of a Level 3 retrofit. The low-emission technology must be certified (engines) or verified (retrofits) by ARB to be eligible for funding. Table 1 displays the current cleanest engine Tier for each horsepower category. The engine Tier can be found on the engine label, on the ARB Executive Order for the engine, or by contacting your engine dealer. All engines manufactured prior to 1996 are considered uncontrolled or pre-Tier 1. More information on off-road engine standards may be found at <http://www.arb.ca.gov/msprog/offroad/orcomp/orcomp.htm>.

**Table 1. Current Engine Tier by Horsepower Category as of January 2007**

Engine Horsepower	Engine Tier
Less than 100	Tier 2
100 -750	Tier 3
Greater than 750	Tier 2

#### **A. Equipment Replacement**

Funding is available for the replacement of fully-functioning uncontrolled (pre-Tier 1) equipment in the agency's current fleet with the cleanest available new piece of similar equipment. The old piece of equipment must be scrapped by the agency, or the agency may give their old piece of equipment to another agency which must in turn scrap an older piece of equipment. New purchases are also required to install the best available verified retrofit at the time of application. If no retrofit is available, retrofit

installation will not be required, and the project is still eligible for funding. All engines in new equipment purchase projects must be certified by ARB for sale in California.

## **B. Engine Replacement**

Funding is available for the replacement of uncontrolled (pre-Tier 1) engines with the cleanest available engine for the horsepower category. The old engine must be scrapped by the agency. Engine replacement projects are also required to install the best available verified retrofit at the time of application. If no retrofit is available, retrofit installation will not be required, and the project is still eligible for funding. All engines in engine replacement projects must be certified by ARB for sale in California.

## **C. Retrofits**

Retrofits, or diesel emission control strategies, are bolt-on systems which control emissions of particulate matter (PM) and oxides of nitrogen (NOx) from diesel-fueled engines. ARB verifies retrofits to reduce PM by 25% (Level 1), 50% (Level 2), or 85% (Level 3) and NOx if reductions are  $\geq$  15%. Funding is available for the retrofit of existing controlled equipment (Tier 1 engine or newer) with Level 3 retrofits. Retrofit of uncontrolled (pre-Tier 1) equipment is not eligible for funding. All retrofits must be verified by ARB for sale in California. More information on retrofits verified by ARB may be found at <http://www.arb.ca.gov/diesel/verdev/verdev.htm>.

## **IV. AVAILABLE FUNDING**

A total of \$25 million is available for public agency construction fleets. These funds are specifically aimed at projects meeting the requirements above. Fifty percent, or \$12.5 million, will be directed to equipment in environmental justice areas as determined by the local air district. Ten percent, or \$2.5 million, is available for equipment located in low-population counties. ARB reserves the right to adjust the funding amounts based on submitted applications.

A low-population county is a county with a population of less than 125,000, based upon the California Department of Finance estimates as of July 1, 2005, and as listed in Table 2 of title 13, CCR, section 2022.1. Table 2 displays the counties that currently meet the definition of low-population county.

**Table 2. Low-Population Counties**

Alpine	Inyo	Mono	Sutter
Amador	Lake	Nevada	Tehama
Calaveras	Lassen	Plumas	Trinity
Colusa	Mariposa	San Benito	Tuolumne
Del Norte	Mendocino	Sierra	Yuba
Glenn	Modoc	Siskiyou	

A municipality may be designated as a fleet located in a designated “low-population county” by the Executive Officer in accordance with the On-Road Fleet Rule for Public Fleets and Utilities (title 13, CCR section 2022.1 (c)(4)). Information on applying and receiving this designation may be found at <http://www.arb.ca.gov/msprog/publicfleets/publicfleets.htm>

Each agency’s fleet will be limited to a maximum funding allotment: \$500,000 for public agencies in low-population counties and \$1 million for all other fleets. A fleet is defined as all vehicles/equipment and engines owned, or under common ownership, by a public agency.

**V. MINIMUM AGENCY CONTRIBUTION**

All public agencies will be required to provide a minimum 25 percent buy-in for each equipment replacement or engine replacement project. There is no required buy-in for retrofit only projects or for the retrofit part of an equipment replacement or engine replacement project. Agencies may choose to contribute more than the 25 percent buy-in or contribute to retrofit projects which will lower the cost-effectiveness, thus making the project more competitive.

**VI. APPLICATION PROCESS**

Project application may be found in Attachment 1. Applications will be screened to determine whether the application is complete and must include all items requested in the application checklist.

All applications must be received by ARB **no later than 5:00 PM March 2, 2007**. Applications can be mailed or delivered to:

Ms. Johanna Levine  
Mobile Source Control Division  
Air Resources Board  
1001 I Street  
Sacramento, CA 95812

## **A. Project Evaluations and Scoring**

The ARB will conduct an evaluation of each qualifying project based on the evaluation criteria described below. ARB, or its designee, reserves the right to inspect any project prior to selection. The maximum score is 80 points. Qualifying projects with the highest overall scores will be eligible for funding. Funds will be distributed in the following order:

1. ARB will work with local air districts to evaluate how projects impact areas disproportionately affected by air pollution. Projects that are designated as environmental justice projects will be separated from all other projects. These projects will be scored according to the scoring guidelines, and \$12.5 million (50 percent of the funds) will fund the highest ranking projects in this project pool. Projects funded with the \$12.5 million will not be eligible for the remaining funds.
2. The remaining projects will be ranked according to the scoring guidelines and \$10 million will go to fund the highest ranking projects in this pool.
3. \$2.5 million is earmarked for those projects located in a low-population county. The highest ranking of these projects that remain in the applicant pool will be selected for funding.

Applicants must disclose if they have already applied for Carl Moyer Program funds or other grant funds for the same equipment. ARB staff will coordinate with the local air district to ensure that the same equipment is not funded through the Carl Moyer Program and through this RFP. Any applicant accepting both Carl Moyer Program funds and funding from this RFP for the same piece of equipment may be banned from future participation in the Carl Moyer Program.

The owner of the engine must sign and agree to the application. A third party (e.g., an engine dealer or distributor) may complete an application or part of an application on behalf of the owner. In this case, the third party must disclose their participation, as well as any payment received for their service.

If the application is incomplete, the applicant will be notified as to what information is missing within five business days of the closing date of the RFP. The applicant will have 14 business days to provide ARB the missing information. If the information is not provided within this timeframe, the application will not be evaluated.

**B. Evaluation and Scoring Guidelines**

1. Cost-Effectiveness - (maximum 40 points) Cost-effectiveness is the cost of reducing a weighted ton of emissions. A weighted ton consists of NOx plus ROG plus 20 times combustion PM, as described in Attachment 2. The following chart shows the point rating system:

<u>Cost-Effectiveness Range</u> <u>(\$ per weighted ton)</u>	<u>Points Awarded</u>
Above \$20,000	5 points
\$15,000 - \$20,000	15 points
\$12,000 - \$15,000	20 points
\$9,000 - \$12,000	25 points
\$6,000 - \$9,000	30 points
\$3,000 - \$6,000	35 points
Less than \$3,000	40 points

2. Non-attainment status – (maximum 12 points)  
Area designation maps for the federal 8-hour ozone and PM 2.5 non-attainment status can be found in Figures 1 and 2.
  - Equipment located in the federal 8-hour ozone non-attainment area (6 points)
  - Equipment located in the federal PM 2.5 non-attainment area (6 points)
3. Replacement or Repower with a Tier 3 Engine – (8 points)
4. Project Implementation Plan – (maximum 10 points)
  - Clear timeline for project completion. (2 points)
  - Reasonableness of work plan timeline. How quickly the project can be completed. Projected delivery date. (2 points)
  - History of contracted parties/participants. Experience completing similar projects on time and within budget. (2 points)
  - Long-term benefits. Likelihood and duration of continued surplus reductions beyond project life. (2 points)
  - A plan for how the old engine and/or equipment will be scrapped, such as punching a hole in the engine block or cutting the structural components of the equipment. (2 points)

5. Application Completeness – (maximum 10 points)

Points will be given out based on completeness of application at the closing date of the RFP.

- Complete applications (10 points)
- Applications that are not complete, such as missing signatures or historical use documentation, but have enough information to evaluate the cost-effectiveness of the project. (5 points)
- Applications missing critical information to evaluate cost-effectiveness, such as technology information or quotes. (0 points)

**VII. APPLICANT WORKSHOP**

An applicant workshop will be held Monday, February 5, 2007 from 1:00 p.m. to 4:00 p.m. in Training 1 West at the Air Resources Board facility located at 1001 I Street, Sacramento, California. Applicants choosing to attend may do so in person or via conference call. The call-in number is (888) 913-9966 and the participant code is 46441. The intent of the workshop is to provide potential project applicants with an opportunity to ask clarifying questions regarding general project requirements, specific technology questions, and terminology definitions. Fleet specific questions will not be answered. Written questions submitted before the workshop will be given priority. Questions may be e-mailed to Ms. Dinh Quach at [dquach@arb.ca.gov](mailto:dquach@arb.ca.gov), or faxed to Ms. Quach at (626) 459-4480. Questions may be submitted up to the close of business Wednesday, January 31, 2007. The questions and answers will be posted on the ARB website no later than Thursday, February 8, 2007. Questions asked after the workshop will be answered and posted on the internet on a staff availability basis. Any verbal communication with an ARB employee concerning this RFP is not binding on the State and shall in no way alter a specification, term or condition of the RFP.

**VIII. MAINTENANCE, MONITORING, AND REPORTING REQUIREMENTS**

Grantees will be required to maintain the engine/equipment/retrofit as detailed in the Grant Agreement. Grantees will also be required to monitor and report to ARB on the usage and maintenance of the equipment funded through this program in accordance with the Grant Agreement. For new purchase projects, Grantees will have additional reporting requirements and must report usage on all equipment in their fleet similar to the equipment purchased through this program. Historical information, to the extent available, will also be requested. The new engine/equipment/retrofit must operate in California for five years and operate, at a minimum, the amount identified by the Grantee in the application. ARB, or its designee, reserves the right to inspect any funded project for five years, the default grant term.

- A. Grantees must maintain usage documentation and maintenance records for five years.
- B. Grantees must submit annual reports to the ARB for five years. ARB will mail out these reports in May of 2008, 2009, 2010, 2011, and 2012. The Grantee must report on all information requested in ARB's annual report providing appropriate documentation, such as fuel receipts or hour meter readings, confirming usage and annual proof of insurance. Grantees must return the report to ARB by June 30 of each year.
- C. Grantees must inform the ARB, in writing, of any change of ownership or disruption in project operation which could impact usage.
- D. ARB, or its designee, reserves the right to inspect all funded projects with 48-hour notice for the duration of the Grant Agreement.

## **IX. DISBURSEMENT OF FUNDS**

All projects will be administered by ARB. Project awards will be made through a Grant Award Agreement between the ARB and the Grantee. A sample Grant Award Agreement can be found in Attachment 3. It is important for all applicants to be familiar and understand the requirements of the Grant Agreement prior to accepting funds. Once the Grant Award process has been fully executed, payment will be made to the Grantee through a grant disbursement request. Grantees must request disbursement of funds in writing to the ARB. The written request must include:

- Grantee's name
- Grant Agreement number
- Grant amount
- Equipment identification number
- Engine/retrofit serial number
- Itemized invoice for all work completed or bill of sale. This invoice must not be dated prior to the effective date of the Grant Award.

The Grantee must complete the project by June 2008. Extensions may be granted on a case by case basis provided a detailed written request is submitted by May 31, 2008. No projects may extend past June 30, 2009. Any funds for projects that have not been completed or given an extension by June 30, 2008 will be re-awarded to projects that can be completed by June 30, 2009.

## **X. CONTACT PERSON**

Please contact Ms. Johanna Levine for questions relating to the administration and processing of this solicitation. Ms. Levine may be reached at:

Ms. Johanna Levine  
Mobile Source Control Division  
Air Resources Board  
1001 I Street  
Sacramento, CA 95812  
Phone: (916) 324-6971  
Fax: (916) 322-3923  
Email: [jlevine@arb.ca.gov](mailto:jlevine@arb.ca.gov)

Figure 1. Federal 8-hour ozone non-attainment areas

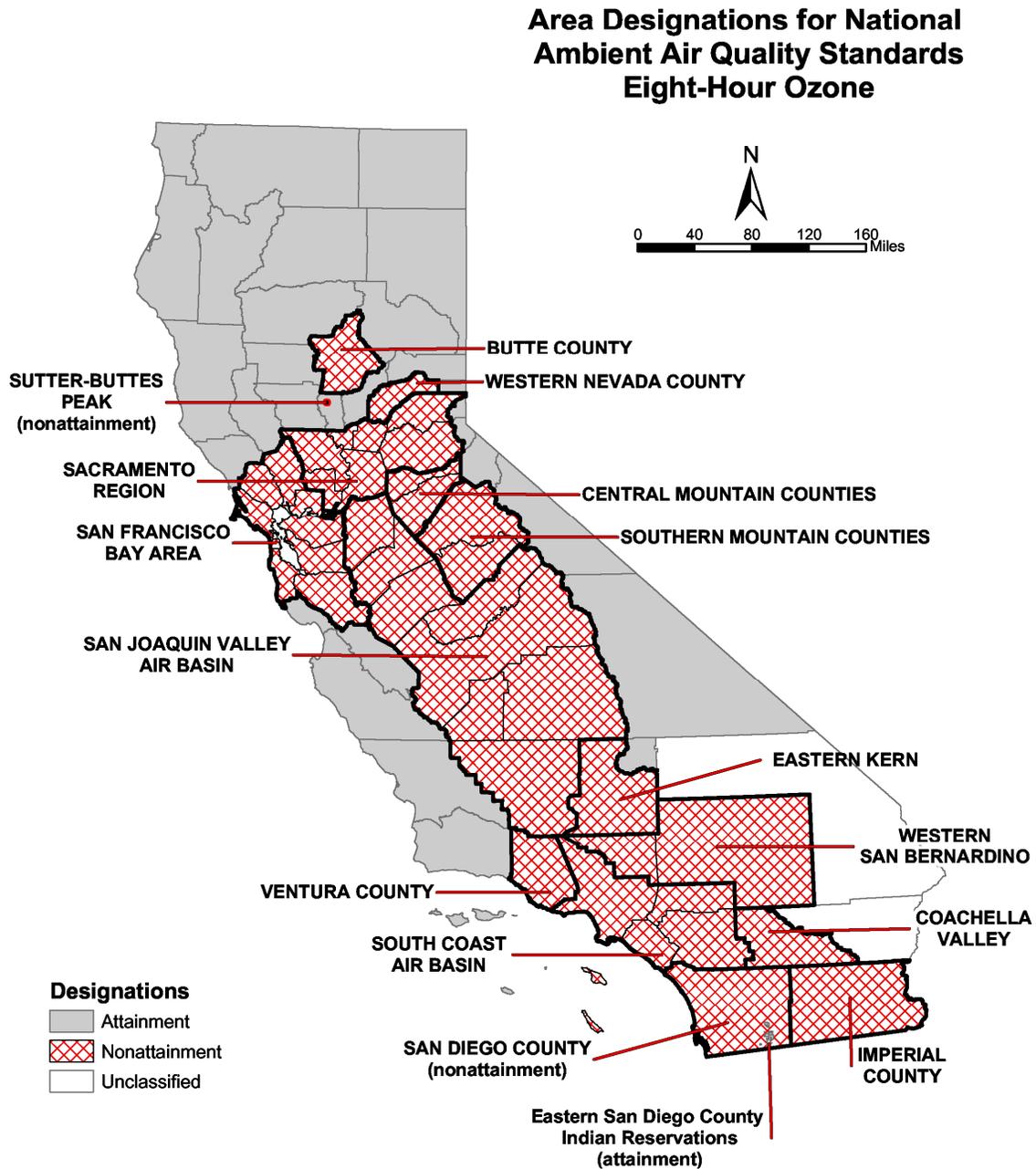
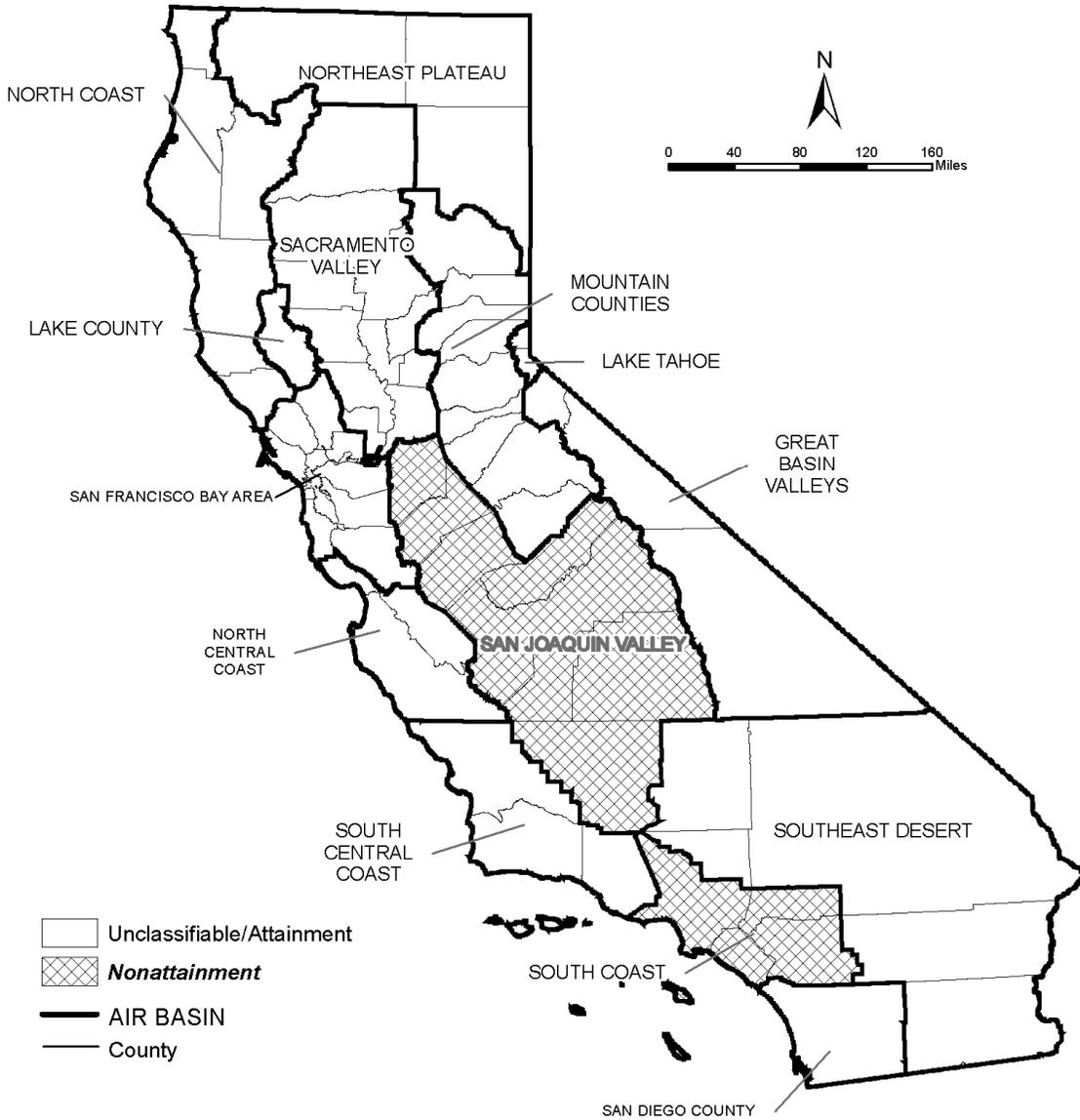


Figure 2. Federal PM2.5 non-attainment areas

### Area Designations for National Ambient Air Quality Standards PM2.5



Source Date:  
July 2005  
Air Quality Data Branch, PTSD