

Monterey Bay Air Resources District (MBARD)

CARB Grant Programs Policies and Procedures Manual

**MBARD Guidance for Administering Grants Funded Through
CAPP, FARMER, and Moyer Programs**

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Monterey Bay Air Resources District
24580 Silver Cloud Court
Monterey CA 93940
(831) 647-9411

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Executive Summary

To improve air quality and promote economic benefits, the Monterey Bay Air Resources District (MBARD) applies for and expends funds from the California Air Resources Board's (CARB) Carl Moyer Program (CMP or Moyer), Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program, Community Air Protection Program (CAPP), and other state and local mitigation funds.

This manual, entitled the **CARB Grant Programs Policies and Procedures Manual**, covers MBARD's local implementation of CMP, FARMER, CAPP, and other state and local mitigation funds. This also includes roles and responsibilities within MBARD, and local application of program policies. MBARD staff will review this manual at least once a year and update it in the interim when a change in policy or procedure occurs. This manual is available when requested by CARB staff or a member of the public.

I. Overview

A. Purpose

MBARD Planning staff has prepared this **CARB Grant Programs Policies and Procedures Manual** as a supplement to CARB's CMP, FARMER, and CAPP Guidelines. This manual sets forth policies and procedures for MBARD staff to use in day-to-day administration of these grant programs.

These policies and procedures outline MBARD's methods to meet or exceed minimum requirements specified in the CA Health and Safety Code (H&SC), and as elaborated by CARB in the most recent version of the CMP, FARMER and CAPP Guidelines and advisories.

B. Program Structure, Organization and Coordination with California Air Resources Board (CARB)

MBARD's CARB Grant Programs are primarily administered through the Planning Division. The organization of MBARD staff for the CARB Grant Programs is shown in Figure 1. An important aspect of MBARD's CARB Grant Programs is MBARD's internal quality control (QC) checks used throughout the process. These QC checks include:

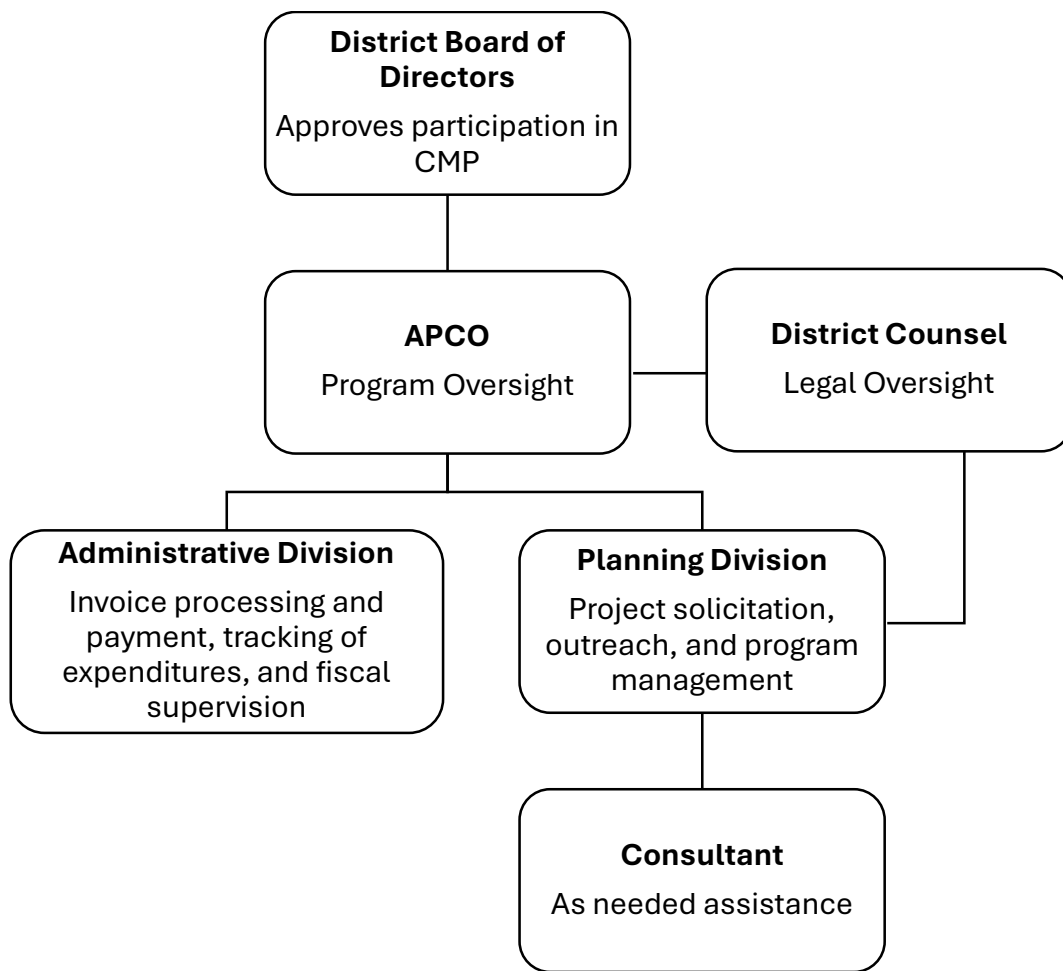
- internal review of the contract language
- invoice review by planning, management, and accounting staff
- fund obligation and expenditure confirmation between accounting and planning staff
- periodic meetings to evaluate the progress of the CARB Grant Programs

Planning staff retains correspondence with CARB regarding their interpretations, clarification, guidance, or possible deviations from the CARB Grant Programs Guidelines. Correspondence with CARB that is specific to a particular project may be retained as an electronic record. Planning staff may maintain a summary of CARB correspondences. CARB invites MBARD staff to attend meetings as needed. MBARD staff also attend other CARB program meetings digitally or in person.

As part of their oversight responsibilities, CARB staff may perform desk reviews of MBARD’s CARB Grant Programs, on-site monitoring, and audits. An audit of MBARD’s CARB Grant Programs may involve other state agencies, such as the Department of Finance and State Bureau of Audits. Audits may be fiscal, programmatic or both.

Audit preparation is specific to whatever entity is performing the audit and what documents and analyses are requested prior to the audit.

Figure 1. MBARD CMP Organizational Chart



C. Roles and Responsibilities

Roles and Responsibilities within MBARD for Program Implementation:

DISTRICT CONTACTS	RESPONSIBILITIES
Planning & Air Monitoring Manager	<ul style="list-style-type: none"> • Program Management • Community engagement • Project approval
Planning & Air Monitoring Supervisor	<ul style="list-style-type: none"> • Program Implementation • Community engagement • Project approval
Air Quality Planner	<ul style="list-style-type: none"> • Obtaining governing board approval for program participation and projects to be funded. • Responding to CARB funding agreements • Community engagement • Evaluation, selection, and inspection of projects
Air Quality Technician	<ul style="list-style-type: none"> • Responding to CARB funding agreements • Community engagement • Evaluation, selection, and inspection of projects • Maintaining online application materials
Executive Assistant	<ul style="list-style-type: none"> • Program outreach

D. 2025 Update

In adherence with CARB’s 2024 Guidelines and to make program improvements, MBARD introduces the following 2025 revisions to the **CARB Grant Programs Policies and Procedures Manual**:

1. Carl Moyer Program (CMP or Moyer)

This update expands eligible project categories from the CARB CMP guidelines:

- Chapter 9: Lawn and Garden Equipment Replacement. MBARD policies expand eligibility for LEEP (Landscape Equipment Exchange Program), allowing public schools to submit an unlimited number of applications and excludes public schools from MBARD’s incentive maximums
- Chapter 10: Infrastructure. This update adds policies for MBARD’s Charging Infrastructure Program (CHIP)

2. Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program

According to the FARMER updated guidelines, this MBARD update adds guidelines for:

- Zero-emission agricultural drones

- Zero-Emission Utility Vehicles (ZEUs)

3. Community Air Protection Program (CAPP)

This update expands eligible project categories based on CARB’s CAPP guidelines:

- Chapter 9: Dial-A-Ride Vehicle Replacement Projects
- Chapter 10: Community Greening and Vegetative Barriers

This update adds eligible project categories based on the CARB CAPP guidelines:

- Chapter 5: Sensitive Receptors
- Chapter 7: Stationary Source Projects
- Chapter 8: Local Agency Partnership Projects
- Chapter 11: Emergency Stationary Generator Replacement Projects
- Chapter 12: Paving, Sidewalk, and Bike Path Projects
- Chapter 15: Woodstove Smoke Reduction Projects

4. GenAI Technology Use & Reporting

i. Definitions:

- 1) “Generative AI (GenAI)” means “an artificial intelligence system that can generate derived synthetic content, including text, images, video, and audio that emulates the structure and characteristics of the system’s training data.” (Gov. Code § [11549.64.](#))
- 2) “Deliverable” means “software, services, goods, works of authorship, and any other items (e.g., reports, documentation) to be delivered pursuant to this Grant Agreement, including any incidental items.”

ii. MBARD (as Granteeing CARB) must notify within 15 days, or a longer period agreed to by CARB, and require their Grant Recipients (MBARD’s local Grantees) to notify CARB in writing in the same timeframe, if they:

(1) Intend to provide GenAI as a deliverable to CARB; or,

(2) Intend to utilize any previously unreported GenAI, including GenAI from third parties, to complete all or a portion of any deliverable that materially impacts:

(i) Functionality of a State system;

(ii) Risk to the State; or,

(iii) Performance under this Grant Agreement.

For clarity, the term “materially impacts” shall have the meaning set forth in State Administrative Manual (SAM) § 4986.2 Definitions for GenAI.

iii. Notification shall be provided to CARB’s Project Liaison whose current contact information is available upon request.

- iv. At the direction of CARB, Grantee shall discontinue, and require their Grant Recipients to discontinue, the provision to CARB of any previously unreported GenAI that results in a material impact to the functionality of a State system, risk to the State, or Grant performance, as determined by CARB.
- v. If the use of previously undisclosed GenAI is approved by CARB, then upon request by CARB, Grantee will amend the Grant Agreement accordingly, and their related agreements with Grant Recipients, which may include incorporating the [GenAI Special Provisions](#) into these agreements, at no additional cost to the State.
- vi. CARB, at its sole discretion, may consider Grantee's failure to disclose or discontinue the provision or use of GenAI as described above, or to incorporate terms as requested in this section into their agreements with Grant Recipients, to constitute a material breach of the Grant Agreement when such failure results in a material impact to the functionality of the system, risk to the State, or Grant performance. CARB is entitled to seek any and all remedies available to it under law as a result of such breach, including but not limited to termination of the Grant Agreement pursuant to the terms stated herein.

MBARD will comply with CARB's most recent General Terms and Conditions (GTC) regarding the use of GenAI, including reporting and tracking requirements.

Additionally, MBARD will comply with all other applicable laws, regulations, and guidelines concerning the identification of generated data, including but not limited to the California AI Transparency Act (Bus. & Prof. Code §§ 22757 et seq).

II. Funds: Procedures for Administering CARB Grants (FARMER, Moyer, and CAPP)

CARB allocates FARMER, Moyer, and CAPP grant funds to MBARD in accordance with a formula identified in H&SC 44299.2(a). CARB notifies MBARD of this amount and the match funding required. Each year MBARD submits to CARB a completed application form with original signature, documentation of the match commitment, and MBARD's Board resolution for obligating the grant award. The resolution authorizes the Air Pollution Control Officer (APCO) to implement MBARD grant programs if funding is awarded by CARB. MBARD commits match funds equaling 15 percent of the regular Moyer funds received from CARB. The source of funds used to meet this match requirement are AB 923 funds. Match funds are combined in the pool of funds dedicated to a program's application cycle. Match funds may be used to pay for any project that meets all Moyer criteria. Generally, the next available project for funding after Moyer funds are expended will receive match funds. MBARD distributes funds from FARMER, Moyer, and CAPP through the Diesel Engine and Equipment Replacement Program (DEERP).

A. Grant Award and Authorization

CARB determines awards for each air district and specifies the amount of the award for projects and outreach funding. Following execution of the Grant Award and Authorization Form, MBARD obligates and expends all funds awarded and returns unexpended funds as required in agreement with CARB.

B. CARB Grant Disbursement Request

Upon execution of the Grant Award and Authorization Form, MBARD submits an initial Disbursement Request to CARB. The initial disbursement can include up to 10 percent of MBARD's allocation or \$200,000, whichever is greater, and all the administrative funds. MBARD submits subsequent disbursement requests after obligation of funds to projects.

C. Other Funds Using CMP Guidelines

MBARD may receive funds from CARB through several grant programs within a calendar year which require the distribution of these funds according to the CMP Guidelines. To allow for efficient evaluation of projects and disbursement of funds, once evaluated and ranked, projects are funded using eligible funding sources in order of priority and annual emissions reduced. The leveraging of various funding sources expands the opportunities for current applicants. If necessary, MBARD will host additional application cycles to help liquidate funding and/or meet the requirements of the specific funding source. Below are all additional funding sources explained.

1. CMP State Reserve Funds

H&SC § 44286(d) gives CARB the authority to reserve up to 10 percent of CMP funding to directly fund any project that is a covered source and is described in Section 44281. In Fiscal Year (FY) 2017-18, FY 2018-19, and FY 2019-20 the state reserve funds have been allocated towards CMP eligible off-road projects (mobile, portable, and stationary off-road compression ignition and large spark-ignition projects such as construction, agricultural, and industrial equipment). FY 2020-21 funds were directed to Electric Vehicle (EV) infrastructure projects. FY 2021-22 funds were directed to zero-emission lawn and garden equipment replacement projects. The Landscape Equipment Exchange Program is currently operating. See Section IV.B. of this document for program description including how projects are selected. FY 2022-2023 funds were directed to on-road heavy-duty vehicle replacements going to zero-emission on-road heavy-duty vehicles through the On-Road VIP Guidelines. For FY 2022-2023 MBARD declined to accept these funds. Future State Reserve funds will be directed to projects as identified by the solicitations and grant agreements offered by CARB. Off-road, on-road and EV infrastructure projects may be selected through separate application processes.

Table 2: CMP State Reserve Disbursement, Liquidation, Return of Funds Timeline

FISCAL YEAR (Moyer Year)	DISBURSEMENT DEADLINE	LIQUIDATION DEADLINE	RETURN OF FUNDS DEADLINE
2021-2022 (Yr 24)	June 30, 2024	June 30, 2026	September 28, 2026
2022-2023 (Yr 25)	June 30, 2025	June 30, 2027	September 28, 2027
2023-2024 (Yr 26)	June 30, 2026	June 30, 2028	September 28, 2028

2. FARMER Program

The Funding Agricultural Replacement Measures for Emission Reductions (FARMER) Program provides MBARD with funds for reducing agricultural sector criteria pollutants, toxic air contaminants, and greenhouse gas (GHG) emissions. Eligible projects include agricultural harvesting equipment, heavy-duty agricultural trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations.

Funding awarded to MBARD was based on MBARD’s portion of emissions from farm equipment in the publicly available inventory and attainment status with National Ambient Air Quality Standards (NAAQS). Projects are chosen and implemented using the 2024 FARMER Guidelines, the 2024 CMP Guidelines, the 2024 Funding Guidelines for Agencies Administering California Climate Investments, and specific contract requirements.

MBARD will ensure priority for funding projects that are within and benefiting disadvantaged communities and low-income households or communities consistent with AB 1550. Priority will also be given to zero-emission pilot or replacement projects.

CARB requires MBARD to submit bi-annual reports for each funding cycle. Projects that have a project life that extends past the funding liquidation date must submit annual reports to CARB for the duration of the project life.

Table 3: FARMER Disbursement, Liquidation, Return of Funds Timeline

FARMER / FISCAL YEAR	DISBURSEMENT DEADLINE	LIQUIDATION DEADLINE	RETURN OF FUNDS DEADLINE
FARMER Year 4, Fiscal Year 2021-22	May 30, 2026	June 30, 2026	August 15, 2026
FARMER Year 5, Fiscal Year 2022-23	May 30, 2027	June 30, 2027	August 15, 2027
FARMER Year 6, Fiscal Year 2023-24	May 30, 2028	June 30, 2028	August 15, 2028

3. AB 617 Community Air Protection Program Funds

CARB provides Community Air Protection Program (CAPP) funds to reduce emissions and improve public health in communities with high burdens of cumulative pollutant exposure, consistent with the goals of AB 617.

Funding will prioritize electrifying medium and heavy-duty vehicles (Class 6 – Class 8), including zero-emission school buses, charging/fueling infrastructure, and replacement projects of vehicles, equipment, and infrastructure that operate in AB 617 communities. MBARD will strive to grant no less than 70 percent of funds to projects that are located in SB 535 disadvantaged communities, and provide direct, meaningful and assured benefits. MBARD also strives to grant no less than 80 percent of funds to projects that are located in, and provide direct, meaningful and assured benefits to residents of AB 1550 communities.

Eligible project source categories to be supported with CAPP incentives include those eligible under the CMP 2024 Guidelines, 2024 CAPP Guidelines, CAPP Funds Guidelines Supplements, or other incentive projects and programs included in approved Community Emissions Reduction Program (H&SC§ 44391.2).

MBARD will provide a summary of final selected projects consistent with Section IV of the CARB Funding Guidelines for Agencies that Administer CCI Funding Guidelines online.

When submitting project lists with disbursement requests MBARD will indicate how each project satisfies evaluation criteria for benefits to priority populations. The CCI Funding Guidelines criteria for Clean Transportation and Equipment will be used unless modified by mutual agreement.

Table 4: CAPP Disbursement, Liquidation, Return of Funds Timeline

FISCAL YEAR	DISBURSEMENT DEADLINE	LIQUIDATION DEADLINE	RETURN OF FUNDS DEADLINE
2021-22 (CAP-5)	June 30, 2024	June 30, 2026	September 28, 2026
2022-23 (CAP-6)	June 30, 2025	June 30, 2027	September 28, 2027
2023-24 (CAP-7)	June 30, 2026	June 30, 2028	September 28, 2028

D. Co-funding CARB Grant Fund Projects with Other Funding Sources

Funds other than CARB grant funds may be used to co-fund eligible projects, when all program criteria associated with each funding source are met. Funding sources are grouped into the following categories.

- Federal funds
- State funds

- Local funds
- Penalty funds
- Other applied funds

Applicants must certify under the penalty of perjury that combined co-funding sources, awarded and/or applied for, do not exceed the amount of project costs. In addition, projects for non-public entities must be paid for with at least 15 percent in private funds. MBARD will review co-funding sources and amounts before the final payment of grant funds.

E. Administration and Outreach Funds

MBARD is allocated up to 15 percent of the total annual grant funding for administration and outreach costs to implement the CARB Grant Programs. Administration and outreach funds may be used for costs associated with the tasks such as staff time, consultant fees, printing, mailing, and travel costs. MBARD accounting staff maintains the following documentation of costs required by and in accordance with the 2024 CMP Guidelines:

- Personnel documentation
- Outreach
- Consultant fees
- Printing and mailing expenses
- Travel expenses

If MBARD staff incur travel expenses related to the CARB Grant Programs, those expenses are charged to the Grant Programs based on travel costs, per diem rates and policies described in the MBARD Administrative Code. MBARD accounting staff maintains the indirect cost calculation methods.

MBARD uses outreach funds to inform the public about grant fund availability, when accepting applications and when information off-road equipment dealers of CMP Guideline requirements.

F. Tracking of Funds, Earned Interest, Direct and Indirect Costs

MBARD accounting and planning staff track CMP and other funds that are available to be committed to projects and liquidated. MBARD accounting staff deposits CMP funds received from CARB into an interest-bearing account. MBARD allocates earned interest to CARL Grant Program projects according to the 2024 CMP Guidelines. Accounting staff tracks the accrued interest and provides this upon request by Planning staff. Planning staff use this information to allocate interest funds to eligible projects and for reports to CARB. MBARD accounting staff and management track and record direct and indirect costs. Direct costs and administration costs are tracked through MBARD's personnel

timesheet system based on coding for each funding source. Indirect costs are tracked through the MBARD Administration accounts payable system.

III. Projects: General Procedures for Project Implementation

The CMP allows air districts to determine the method of soliciting projects and the types of projects to fund. MBARD opens project solicitation periods on an as-needed basis. The opening of a project solicitation period is largely related to the availability of project funds. At MBARD's discretion MBARD may consider the following project types for funding at amounts equal to or less than the amounts described in the CMP guidelines:

- Agricultural irrigation pump electrification
- Marine vessel diesel engine repower or alternative fuel repower
- Moyer and FARMER project types
- Off-road equipment replacement and/or electrification
- Zero-Emission agricultural drone replacement
- Zero-Emission infrastructure
- Zero-Emission on-road vehicle replacement
- Zero-Emission school bus replacement

Marine Engine Repower Program (MERP)

Marine engine repower refers to engine salvage and replacement, not whole-vessel replacement. Marine vessels are subject to California Harbor Craft (CHC) Regulation under CCR, Title 17, subsection 93118.5(e), with few exceptions (e.g. registered historic vessels and dedicated emergency use vessels). For a Marine Engine Repower Program (MERP) project to be eligible, the baseline vessels must meet program requirements including but not limited to being compliant with CHC regulations and have the potential to realize at least one year of surplus emission reductions by the time the project is completed. In evaluation of Marine Engine Repower applications, MBARD will prioritize projects that include a repower to zero-emission marine engines over projects that repower to cleaner diesel marine engines by ranking zero-emission projects higher. The zero-emission system or the zero-emission capable hybrid system projects must be approved by CARB's Executive Officer via Zero Emission & Advanced Technology (ZEAT) application process as required by CHC Regulation CCR, title 17, Section 93118.5(e)(10) or (e)11. At MBARD discretion the maximum funding for all MERP projects is the lower of 50 percent of total eligible costs or the cost-effectiveness maximum, but no higher than MBARD's funding cap of \$150,000.

Zero-Emission Agricultural Drone Replacement

Diesel-powered agricultural equipment, such as spray equipment, may be eligible for replacement with zero-emission agricultural drone equipment in accordance with the latest

FARMER guidelines. Applications will be evaluated and ranked based on cost-effectiveness during the DEERP application period.

Zero-Emission Infrastructure

All infrastructure projects must be used to fuel or power a covered source as defined by H&SC § 44275(a)(7). These covered sources include but are not limited to on-road, off-road, agricultural, and marine vessel emission sources. Statute does not require infrastructure projects to meet a cost effectiveness threshold. To provide project selection transparency for publicly accessible infrastructure projects, incentive program applicants and MBARD will go through a competitive bid process when a project includes public access.

Zero-Emission On-Road Vehicle Replacement

Many fleet rules affect On-Road Heavy-Duty Vehicles. Various types of projects can be incentivized to provide surplus emission reductions from on-road heavy-duty vehicles. The maximum funding amount for on-road vehicle replacements is determined by several factors including but not limited to applicant type, fleet size, replacement vehicle type and Gross Vehicle Weight Rating. On-road vehicle replacements are limited to zero-emission replacements except on a case-by-case basis as approved by the Planning Manager or Air Pollution Control Officer.

Zero-Emission School Bus Replacement

School buses are subject to the Statewide Truck and Bus Regulation. The maximum funding cap for zero-emission school bus replacements is \$400,000. On a case-by-case basis, MBARD will consider increased funding.

The following sections describe MBARD's method for soliciting, evaluating, and selecting projects:

A. Project Solicitation

MBARD conducts outreach to each sector listed above, especially small business contacts and dealers/vendors of new equipment and/or engines. Examples of MBARD outreach include:

- Correspondence with Heavy-Duty diesel engine and parts suppliers and service providers
- Press releases
- Public workshops
- Posting on MBARD website
- Print media
- Email subscription lists

B. Application Evaluation and Project Selection

The DEERP application period opens for a limited duration when funds become available, and applications for projects are needed to access the funding. Applications will only be accepted during a designated application period. Each applicant may submit up to two applications per tax identification number. Each complete grant application received is assigned a unique number and filed for eligibility review. Grant funds will be limited to two active contracts per applicant (individual or corporate). However, MBARD will consider entering into additional contracts with a grantee on a case-by-case basis. An application period may be reopened to refresh a project application list when a new round of funding is available.

If the number of complete, eligible applications is insufficient to obligate all CARB Grant Funds, MBARD may use the following procedures to obligate remaining funds:

- Work with inactive applicants to complete and evaluate their applications
- Reopen the solicitation on an as needed basis
- Switch applications to other funding sources
- Use remaining CARB grant funds for other eligible programs
- Carry over unobligated funds to the next year and increase advertising and outreach
- After the submission deadline, MBARD evaluates all applications for eligibility. The following sections describe MBARD's application evaluation and project selection process.

1. Administration Tool

MBARD utilizes Laserfiche to manage applications. Laserfiche is a cloud-based program for managing an enterprise's content, such as digital documents, and process automation. Applications are submitted online using a Laserfiche form. Applicants will primarily receive notifications regarding their application status through Laserfiche, but they may also be contacted directly via email or phone wherever appropriate.

2. Application Evaluation

All applicants must be in good standing with all MBARD requirements and must comply with state or federal regulations (i.e. Commercial Harbor Craft Regulations, Truck and Bus Regulation, Portable Equipment Registration Program). For Infrastructure projects, the project must comply with all applicable federal, State, local laws and codes. MBARD evaluates applications for completeness. Incomplete applications may be returned with an explanation of the missing information within thirty working days of receipt. Applicants may be able to resubmit their completed applications prior to an application deadline.

MBARD may deny applications where applicants have been convicted of violating any federal, state, or local law or regulation relating to fraud or financial mismanagement and may hold applications pending any investigation into such matters. MBARD may also deny an application if the applicant has violated any MBARD Rule or Regulation, has breached or participated in the circumvention of any material provision of a contract with MBARD, or if any application is not complete, accurate, or proposes an ineligible stacking or co-funding of separate funding sources.

As part of the evaluation and selection process, the following elements are considered:

a) Baseline Engine Information

A major aspect of the application evaluation is confirming baseline engine data, reviewing historical use, and calculating average annual use. Staff confirms baseline engine specifications with the engine manufacturer's data.

The horsepower standard for evaluating projects is the maximum or peak horsepower. The maximum or peak horsepower may be determined from:

- The CARB Executive Order for the engine family
- The manufacturer's sales and service literature
- The engine label or the emissions control label
- If applicable, as shown in the application for engine certification

The applicant must have owned the existing equipment in California for the previous two years. The applicant must provide documentation of the following specific to the existing equipment (at least one):

- Bill of sale for the old existing equipment (preferred)
- Tax depreciation logs
- Property tax records
- Equipment insurance records
- Bank appraisals for equipment
- Maintenance/service records
- General ledgers
- Fuel records specific to the existing equipment that identify the equipment owner

As part of the application evaluation process, staff documents that the baseline engine is operational. Evidence of operational condition must be

provided to Planning Staff for the previous 12 months. This documented usage may be based on one or more of the following:

- Usage records that identify operational, standby, and down hours for the equipment
- Routine inspections which document the operating condition of the existing equipment (Occupational Safety and Health Administration or workplace required) Employee timesheets linked to specific equipment use
- Employee timesheets linked to specific equipment use
- Preventative maintenance/service records tied to specific hours of equipment use
- Repair work orders specific to the equipment

Baseline engines must accrue a minimum of 200 hours in the 12 consecutive months immediately preceding the application submission date unless approved by the Planning Manager or Air Pollution Control Officer.

MBARD may evaluate other forms of documentation based on approval by CARB on a case-by-case basis. MBARD maintains baseline engine documentation in the project folder.

MBARD staff calculates the average annual use for the baseline engine from records submitted with the application. Projects must be based within MBARD's jurisdiction. The emissions reductions and grant amount are calculated from use within California and within California waters (for marine vessels) in accordance with the 2024 CMP Guidelines. If the applicant does not provide documentation of equipment use, the application will be returned.

Average annual use will be based on hour meter readings. In the event this information is unavailable, MBARD will accept the submission of fuel receipts to determine average annual use on a case-by-case basis.

Baseline equipment must be operational prior to execution of the grant agreement. Failure to maintain baseline equipment operability and provide adequate evidence of usage can result in ineligibility to participate in a grant program.

b) Eligible Costs

MBARD reviews the price quotes included with the application and will allow costs for taxes, tariffs, installation, and transportation costs for

eligible equipment. Only California taxes and fees are eligible for grant funding.

c) Environmental Justice

MBARD has fewer than one million inhabitants, so MBARD does not track funding allocated to environmental justice areas as indicated by H&SC § 43023.5.

3. Project Selection Following Application Receipt

Following application receipt, an application goes through a project-type specific selection process based on first-come first-serve, ranking, or other criteria described herein. Project-type specific selection processes may change dependent on the availability of project funds to best serve the projects that the public demonstrates support for and/or applicants submit applications for. Projects are ranked according to cost-effectiveness unless otherwise stated as a first-come first-serve process, or a process based on other criteria as mentioned. As applicable, staff will evaluate each eligible application to determine the cost-effectiveness (CE), weighted annual emissions reduced, and grant amount. Cost-effectiveness calculations must be hour-based. Calculation of funding amounts must be based on the average of at least the two most recent years of documented equipment usage. For projects in which the two most recent years of documented usage are not available, the minimum annual usage is required to be specified in the contract. Acceptable forms of annual usage documentation may include:

- Maintenance records showing dates and hour meter/odometer readings
- Receipt showing purchase/installation date of current hour meter
- Fuel receipts showing dates of purchase and quantity
- Other means to verify actual use of the equipment/engine during at least the 24 most-recent months

Cost-effectiveness, weighted annual emissions reduced, and grant amount must be based on maximum or peak horsepower. The priority of ranking evaluated applications is project specific. Across all project types, schools, sensitive receptors, and electrification projects may be given the highest priority. If applicable, all applications will be evaluated secondarily for grantees operating within priority population areas as defined by the current iteration of the California Climate Investment's Priority Populations Map (disadvantaged community areas, low-income community areas, and half-mile buffer of disadvantaged community areas). If applicable, cost-effectiveness (CE) is then used to rank the projects within categorical groups established according to more primary ranking considerations like applicant-type or priority population area,

where ranking occurs from most cost-effective (lowest \$/ton of emissions) to least cost-effective (highest \$/ton of emissions).

The grant amount for Moyer and FARMER projects is calculated by using the lowest project life, which keeps the project at or below the CE limit of \$60,000 (see Table 5 for minimum and maximum caps per project type). If the calculated project CE is higher than the \$60,000 cap, MBARD will use the maximum project life as stated in Table 5. Diesel to zero-emission electric school bus projects have a unique maximum grant amount of \$400,000 and CE limit of \$522,000/ton. In all cases, grant amounts will be based on the most recently published CE limits determined by CARB.

Table 5: Project Life Selection Criteria (in Years)

PROJECT TYPE	MINIMUM	MAXIMUM
On-Road		
Replacements	1	7
School Bus Replacements	1	10
Electric Conversions	1	5
Other On-Road Projects	1	3
Transit Bus Replacements	1	7
Off-Road		
Repower only	3	7
Farm Equipment (All Projects)	3	10
Replacement & Repower to Zero-Emission	3	10
All other non-farm replacements	3	5
Replacement excavators	3	3
Replacement of rough terrain forklifts	3	3
Replacement of skid steer loaders	3	3
Infrastructure	3	15

Project funding will be limited to 50 percent or \$150,000, whichever is less, for diesel-to-diesel repower and replacement projects and agricultural pump electrification projects. CAPP projects in DACs will be limited to funding caps specified in Moyer and CAPP Program Guidelines or \$200,000, whichever is less.

When replacement equipment have ineligible horsepower ratings exceeding CARB’s guidelines for increased horsepower over baseline equipment limit (35 percent as of August 2025), grant amounts will be calculated based on a quote of comparable equipment within the eligible horsepower limit unless the equipment with the ineligible horsepower rating costs less. Grant amounts will be calculated based on the lowest quoted replacement cost. An exception to this guideline is if the replacement engine is zero emission.

On a case-by-case basis, projects which have significant regional emission reductions as determined by the Air Pollution Control Officer, and all other zero-emission projects will follow the funding caps according to the 2024 CMP Guidelines.

On a case-by-case basis, MBARD can reduce the funding cap if project expenses are unreasonable or could have a negative effect on the overall grant programs.

Staff enter project information into CARB's Clean Air Reporting Log (CARL) to confirm emissions reductions and the funding amount for the top ranked projects that are equivalent to MBARD's available grant funds.

MBARD files the following information in the project folder:

- Project application
- Record of each project's emission reductions and ranking

The following is information regarding electric, cordless, zero-emission lawn and garden equipment under 25 hp exchanged in LEEP:

- The baseline engine in a LEEP exchange must be operational, and owned and operated within Monterey, Santa Cruz, or San Benito County for at least the 24 months prior to applying.
- Funding for electric, cordless, zero-emission lawn and garden equipment under 25 hp cannot exceed the equipment cost or the maximum funding amount per equipment category as prescribed in Chapter 9 of the Carl Moyer Program Guidelines (2024).
- Project selection for electric, cordless, zero-emission lawn and garden equipment under 25 hp in LEEP for residential and commercial applicants is first-come first-served.

C. Project Pre-Inspection

MBARD staff conduct a project pre-inspection after an applicant accepts the grant amount, but before contract execution. The pre-inspection verifies that the baseline engine is operational, meaning the engine must be in condition to perform its intended purpose. Staff will also verify the baseline engine serial number, horsepower, and model year. Lack of a legible serial number may make the project ineligible for funding.

For off-road equipment, pre- and post-inspections can be completed on the same day through the observation and documentation of the baseline equipment, replacement equipment, and the destruction of the baseline equipment.

An inspection will only be scheduled for a time when the project applicant can provide a safe environment for staff to conduct the inspection. For example, engines shall only run

during the inspection to verify operability. The applicant must also ensure that engines have not been operated within several hours prior to the inspection to avoid excessive engine temperature.

At the time of the inspection, the applicant must be able to direct MBARD staff to the exact locations of equipment identification plates, hour meters and fuel gauges. All required paperwork must be available during the inspection. The pre-inspection form includes information such as make, model, year, horsepower, fuel type, engine family, engine tier, serial number, application number, and date. As part of the inspection, MBARD staff will photograph the baseline engine. Inspection forms, including photos, are stored electronically in the project folder. If the engine identification is illegible, the pre-inspection form will be used to document baseline engine information to uniquely identify the engine.

MBARD has the following additional policies regarding pre-inspections:

- MBARD may allow public agencies to provide documentation of the baseline engine(s) subject to MBARD verification.
- For equipment and/or engines located outside of MBARD boundaries, MBARD staff may request staff of the air district in which the equipment is temporarily located to conduct the pre-inspection. Likewise, MBARD staff may conduct pre-inspections within MBARD's boundaries for other air districts at their request.

Electric, cordless, zero-emission lawn and garden equipment under 25 hp does not require a pre-inspection as outlined in Chapter 3 of the CMP guidelines according to Chapter 9 of the CMP guidelines.

D. Obligating Funds to Projects

Upon confirmation of project eligibility, the completion of an application's review on Laserfiche triggers an email to the applicant informing them of the application's approval or rejection. MBARD staff sends the applicant an offer and contract for signature, which must be completed by the applicant within 30 days (electronically unless otherwise requested by the grantee).

Project applicants will not be eligible for grants if they have taken any action to procure, order, take delivery of, or purchase equipment prior to contract execution per the requirements of the FARMER, CMP and CAPP Guidelines.

If the grantee fails to sign the contract within the 30-day period, staff contact the applicant to determine whether an extension should be granted. An extension of the signature date may be granted if this would not extend the project completion date past MBARD's expenditure deadline for CMP funds.

If no extension is granted, the grant offer will be rescinded, the application will be made inactive, and the funds will be reprogrammed to the next-highest ranked project.

CARB requires that all CMP contracts contain the elements listed in the 2024 CMP Guidelines, Chapter 3, Section X. Minimum Contract Requirements. These elements include party names, date, contact information, contract term, project specifications, payment provisions, reporting requirements, and repercussions for noncompliance. MBARD reviews the format and content of CMP contracts internally prior to sending to applicants. This review begins with MBARD counsel approving the contract template prior to planning staff preparing project-specific contracts. Planning staff prepare project-specific contracts that are reviewed by the Planning Manager prior to submitting to the grantee.

In addition to the CMP contract requirements, MBARD contracts contain the following additional provisions:

- Warranty requirements
- Property and liability insurance for all projects with MBARD listed as “loss payee” for property insurance, and as “additional insured” for liability insurance.
- Grantee specifies whether payment should be made either by:
 - 1-party check to Grantee or
 - 1-party check to vendor identified in the contract.
- No grant funds shall be given to any member of MBARD’s Board of Directors. This requirement is also extended to members of MBARD’s Advisory Committee, Hearing Board, any other MBARD committee, and MBARD staff, with the exception that any resident may apply as a residential applicant in grant programs for residents.
- MBARD will file a UCC-1 (lien) on all grant-funded projects prior to payment of invoice or reimbursement and MBARD will file a UCC-3 (lien release) within 10 days of contract expiration.
- Grantee shall provide notice of UCC-1 filing to prospective purchasers of funded equipment or financial institutions.
- Grantee shall notify MBARD within five days if the grantee files a petition for relief under bankruptcy law.
- In a two-for-one replacement project, if the summed annual usage for the two baseline equipment is greater than 2,000 hours, the grant agreement’s Annual Usage requirement for the replacement equipment may equal the higher of the two baselines’ average usage, or a value approved by the Planning Manager or Air Pollution Control Officer.
- Consistent with 2024 CMP Guidelines, MBARD retains the original contract and provides a copy to the grantee.

E. Project Post-Inspection

MBARD conducts post-inspections to verify that the project equipment matches the information described in the grant contract. MBARD staff and/or contracted consultants conduct post-inspections after project implementation prior to payment approval. Two important aspects of the post-inspection are verifying that the baseline engine is rendered permanently unusable/irreparable and verifying that the new engine matches the specifications in the contract. As described above in Section 3.C., the pre- and post-inspections for off-road equipment can be completed during the same inspection day.

An inspection will only be scheduled for a time when the project applicant can provide a safe environment to conduct the inspection. For example, engines shall only run during the inspection to verify operability. The grantee must also ensure that engines have not been operated within several hours prior to the inspection to avoid excessive engine temperature.

At the time of the inspection, the applicant must be able to direct MBARD staff to the exact locations of equipment identification plates, hour meters and fuel gauges. All required paperwork must be available during the inspection.

Similar to pre-inspections and depending on the engine location, MBARD staff may request other air districts to conduct the post-inspection or MBARD may be asked by other air districts to conduct post-inspections. Post-inspection information is recorded on a post-inspection form and is stored in MBARD's electronic project file folders along with the post-inspection photographs. MBARD verifies the following information during the post-inspection:

- The baseline engine serial number matches what was recorded in the pre-inspection.
- The replacement engine matches the specifications listed in the contract.
- New equipment/engine information is documented with photos using the same photographic documentation procedures described in "baseline pre-inspection."
- The project engine complies with CMP eligibility criteria and grant contract requirements.
- Baseline engines and equipment are required to be destroyed at a MBARD-verified salvage yard at which time a Certificate of Destruction is issued by authorized salvage yard staff along with photographs of the destroyed engine and equipment (unless MBARD staff are present for the inspection). Flexibility as to the method used to destroy engines and equipment can be determined on a case-by-case basis and shall conform to Moyer Guidelines specified in Chapter 3, Verification of Destruction. Flexibility as to the timing of engine and equipment destruction (e.g. after delivery of the new engine or equipment) shall also conform to Moyer Guidelines, Chapter 3, Verification of Destruction. MBARD staff shall verify that the existing equipment is

rendered permanently unusable and irreparable. At a minimum, the destruction of an engine must include:

Off-Road (per CARB Guidelines, Chapter 5, (P) (1) (page 5-10):

- A hole in the engine block with a diameter of at least three inches at the narrowest point. The hole must be irregularly shaped (i.e. no symmetrical squares or circles)
- A section of the oil pan flange must be removed as part of the hole or have a line cut through it that connects the hole.

All equipment except off-road and lawn and garden equipment under 25 horsepower (per CARB Guidelines, Chapter 3, 4. Verification of Destruction (A) (B) (page 3-35):

- MBARD staff will verify and document through photographic or video evidence that the destroyed engine serial number, or other identifying number or factor, matches what is in the project contract.
- MBARD staff must verify that engines without a visible and legible serial number are uniquely identified by the correct MBARD stamp or other permanent marking prior to destruction.

In some cases, the grantee may use a vendor to provide professional services to accomplish contract obligations. MBARD staff may verify destruction of the baseline engine/equipment through photographs submitted by the grantee or vendor. MBARD staff may also verify the identity of the engine using photographs or, at the discretion of MBARD staff, may require shipment of the destroyed engine to a location within MBARD for inspection by MBARD staff prior to reimbursement.

According to Chapter 9 of the CMP guidelines, lawn and garden equipment under 25 horsepower exchanged in LEEP does not require a post-inspection outlined in Chapter 3 of the CMP guidelines.

F. Payment for Projects (Expenditures)

Once a contract is fully executed and the post-inspections are completed, the grantee must submit itemized grant invoices for payment. Contracts specify a required timeframe for grantees to request reimbursement. Should the grantee fail to implement the project according to the schedule, staff will contact the grantee, evaluate the circumstances and determine a course of action that may include a contract extension or termination. MBARD may extend the reimbursement period at its discretion. In most cases an extension will not go past the applicable due date for obligation of funds in the 2024 CMP Guidelines. MBARD may allow a longer extension if cumulative tracking shows MBARD is in compliance with obligation deadlines.

Planning and accounting staff process payments for projects by reviewing and tracking invoices and expenditures for each project. The following outlines MBARD's steps for invoicing and payment:

- Grantees must submit a copy of the original quote and final itemized invoice received from the vendor when requesting reimbursement within the timeframe specified in the contract, unless extended.
- MBARD's Planning staff submits initial post-inspection packet containing the original contract, post-inspection and destruction documentation, and reimbursement packet to the Planning Manager.
- After approval by the Planning Manager, Planning staff passes Reimbursement packet containing the transmittal cover sheet, original contract, reimbursement form with directions of payment, and invoices to the accounting staff.
- Once accounting staff has approved grant invoice documentation, the invoice is logged as pending payment and is passed on to Planning staff for final approval from Planning Manager and APCO.
- Planning Manager verifies project completion in accordance with the grant contract and confirms consistency between grant invoice requirements and the submitted invoices.
- Planning Manager forwards final reimbursement packet to the APCO (or designee) for approval.
- After APCO (or designee) approval, the invoice is processed for payment by accounting staff.
- Payments are made within 30 days of APCO (or designee) approval.
- Once the grant invoice is paid, documentation of payment is maintained by accounting and Planning staff. The completed invoice packet is filed by check date in the accounts payable files and retained by accounting staff. Planning staff track invoices and expenditures by CMP funding year.
- Accounting staff produces a monthly grant expense report showing the budget, amount expended to date, and amount remaining of each individual grant. Planning staff reviews the report to confirm details in the planning tracking spreadsheet. Accounting staff and Planning staff meet regularly to discuss issues such as discrepancies in expended amounts and invoice processing procedures.

G. Project Monitoring

Project monitoring includes annual use reporting and MBARD project audits. Annual use reporting is an important on-going method for MBARD to monitor the progress of projects in achieving emission reductions. Project audits verify that CMP-funded equipment complies with the grant contract. The following sections describe the details of the annual use reporting and project audits.

1. Grantee Annual Reporting

Annual reporting is required by CMP Guidelines and is a critical element of project monitoring to ensure emission reductions are achieved. CMP-funded projects that were funded beginning in Moyer Year 13 are required to submit annual reports for the term of the contract.

MBARD conducts annual reporting activities in the first quarter of each year. In January, MBARD mails out usage forms to all active grantees for whom a report is required. The reports are due back to MBARD no later than the first Friday in March. Grantees report total annual use, percent of time engine operated within California and percent of time engine operated within MBARD. Grantees must report usage in hours.

The grantee annual report is reviewed for completeness, accuracy, and compliance with the project's requirements. MBARD staff approve an annual report after finding the report shows the project meets the terms of the agreement for said project. If an annual report is not submitted, MBARD may notify the grantee. MBARD may make multiple attempts to re-establish a point of contact with the Grantee to communicate the need to the entity to complete an annual report. MBARD staff shall make reasonable efforts to obtain the necessary information from grantees who fail to return a timely and complete usage report. If a grantee's annual reporting is determined to be unsatisfactory or incomplete, MBARD will work with the grantee to bring their project into compliance through actions, including but not limited to, good communication and those methods and actions used to address nonperforming projects described below. MBARD maintains original completed digital annual use report forms.

If project requirements are not met and/or emission reductions are not achieved, MBARD is required to address the project's non-performance. MBARD methods and actions to address nonperforming projects include, but are not limited to:

- Extending the project contract for additional years (provided the extension complies with applicable CMP Program Advisories).
- Requiring Grantee to pay back project funds to MBARD proportional to the loss in emission reductions.
- Transferring ownership of the engine/equipment to another grantee committed to complying with the contract terms.
- Recalculating the project's cost-effectiveness based on decreased usage per 2024 CMP Guidelines, Chapter 3, Section EE. Nonperforming Projects.
- Granting a waiver according to the following:
 - In instances where annual usage is significantly lower than anticipated due to unforeseen circumstances beyond the control of the engine

owner, the owner may request a waiver from MBARD. The request must include documentation acceptable to MBARD showing the need for a waiver and verification that low use of the grant-funded engine did not result from the grantee using higher-polluting equipment. Documentation and approved waivers shall be filed in the project folder.

2. Project Audits

In the second quarter of each year, MBARD audits projects as prescribed by the CMP Guidelines. MBARD will include at least one off-road equipment replacement project in the list of projects audited.

H. Project File Set-Up and Maintenance

MBARD retains program, project, and fiscal files with electronic documentation on a secure server that is backed up daily. Since 2023, MBARD retains electronic records and will only retain presently maintained hardcopy records as required.

Administrative records for a given funding year must be retained, at a minimum, until the applicable funding year liquidation deadline.

Some files pertaining to administering the CMP are retained in Planning Division files, while others are retained in Administrative Division files. Planning Division and Administrative Division responsibilities for file creation and maintenance are described below.

1. Planning Division

Planning staff are responsible for programming, contracting and payment-approval for CMP projects. Planning staff tracks project implementation, annual project usage, and retains program files.

Project folders maintained in the Planning Division and electronically on MBARD's server are used to store application forms, formal written communications with the grantee, inspection forms, photographs, and documentation required by grant contracts including certificates of warranty, insurance, and UCC-1 filings. Project folders also contain funding eligibility data including documentation of how baseline and project engine information (e.g. horsepower) were determined. For some CMP grant projects, an original application is created and stored on MBARD's Laserfiche's Document Management System.

The following documentation must be maintained in the project files for a minimum of five years after the grant liquidation period or the last recorded grant transaction (the final payment), whichever is later:

- File for each project selected for funding
- Executed project contracts and contract amendments. The procedure for maintaining contract amendments is to maintain the file in a location on a shared drive and to label the file in a manner that would let a third-party audit easily identify the original contract and associated contract amendment documents. Amended contracts will be added to the project folder.
- Pre-inspection form
- Post-inspection form, including additional information required for retrofit devices
- Copies of invoices and documentation of payment
- Waivers for low use as needed

Applications that were not selected for funding must be retained for a minimum of three years after receipt.

In addition to hardcopy files, Planning staff also maintain electronic files associated with the CMP. Electronic files are maintained within Laserfiche's Document Management System, CARB's CARL Database, and MBARD's database of project information including and not limited to spreadsheets to track fiscal progress and analyze annual use data.

2. Administrative Division

Accounting staff processes and retains records and accounts of CMP fund balances, obligations, and expenditures.

Fiscal files are identified by the general ledger numbering system within MBARD accounting software. This number uniquely identifies each grant within the system.

CMP fiscal files consist of a completed pay package, which includes a grant invoice packet with supporting documentation and approvals. The accounting voucher also contains the check number and the date the check was mailed. This package is filed in the Accounts Payable files alphabetically by grantee.

IV. Programs: Procedures for Administering Specific Programs

A. AB 617 Community Air Protection Program (CAPP) Policies & Procedures Manual

This section focuses on MBARD's local implementation of the CAPP Guidelines, including roles and responsibilities within MBARD and local application of program requirements.

MBARD staff will review this section at least once a year and make it available when requested by CARB staff or a member of the public.

CAPP provides a community-focused action framework to improve air quality and reduce exposure to criteria air pollutants and toxic air contaminants in the communities most impacted by air pollution. CAPP aims to facilitate greenhouse gas emission reductions and furthers the purpose of AB 32 and related statutes.

Important Program Resources:

- [Assembly Bill No. 617](#)
- [Community Air Protection Incentives Guidelines](#)
- [California Climate Investment Guidelines](#)
- [California Climate Investment Annual Report to the Legislature](#)
- [Community Air Protection Blueprint](#)
- [Carl Moyer Program Guidelines](#)

The administrative procedures are based on the requirements of the most recently adopted Carl Moyer Program (CMP) Guidelines, CAPP Guidelines, and the CCI Funding Guidelines.

Projects funded with CAPP incentives align with CCI goals and requirements, which prioritize the importance of targeting CCI funds to communities in a way that meaningfully addresses community needs. State law requires that at least 25 percent (25%) of CCI be allocated to projects located within and benefiting individuals living in disadvantaged communities, and that at least an additional ten percent (10%) go to projects located within and benefiting low-income households or individuals living in low-income communities. For CAPP incentives, CARB required in Board Resolution 18-15 that at least 80 percent (80%) of each year's funds be invested in and specifically benefit these priority communities, with at least 70 percent (70%) spent in and benefiting disadvantaged communities. The percentage of CAPP incentives that must be allocated to priority populations may differ year-to-year, and grant solicitations from CARB will specify all details regarding such grant-specific requirements.

Identification of the project source categories MBARD may support with CAPP incentives:

- 1) Chapter 5: Sensitive Receptors
 - a) Part C: School Composite Wood Products.
 - b) Part D: Air Filtration Systems.
 - c) Part E: Community Flag Programs.
 - d) Part F: School Transportation Projects. School Bus Vehicle Replacements and/or related School Bus Charging Infrastructure are eligible in CAPP incentives through existing Moyer Program Eligibility.

- 2) Chapter 7: Stationary Source Projects
 - a) Projects will reflect a need of the affected community.
 - b) To ensure transparency and to facilitate an expedited review and approval of a Project Plan, MBARD will develop a Project Plan per the evaluation process in the 2024 Community Air Protection Incentives Guidelines. Once approved, the guidelines will be incorporated into this **CARB Grant Programs Policies and Procedures Manual**. The Project Plan will include a description of the mechanism by which MBARD will demonstrate community support and will inform community members about project details including dollars spent and project benefits.

- 3) Chapter 8: Local Agency Partnership Projects
 - a) MBARD will show projects funded and applied for by public entities only reflect priorities identified by a respective affected community. MBARD will ensure that the scope of the work and project includes a demonstration of community support. Projects must include a scope of work, specific project milestones, quantifiable emission reductions, exposure reduction, or other qualitative benefits, if applicable.

- 4) Chapter 9: Dial-A-Ride Vehicle Replacement Projects
 - a) MBARD will replace gasoline powered transit vehicles (\geq GVWR 6,001 lbs.) that are part of transit services that provide door-to-door transportation with zero-emission replacements in overburdened communities, especially where exposure to exhaust pollutants can impact sensitive populations, such as children, elderly, or infirm.

- 5) Chapter 10: Community Greening and Vegetative Barriers
 - a) MBARD will develop an application process that includes but is not limited to: competitively scoring applications per the 2024 CAPP Guidelines, ranking applications, and discussing rankings in a public setting.

- 6) Chapter 11: Emergency Stationary Generator Replacement Projects
 - a) MBARD will develop a competitive process to select and rank applications.

- 7) Chapter 12: Paving, Sidewalk, and Bike Path Projects
 - a) MBARD will provide forums for receiving feedback on specific projects from the community, local public agencies, and stakeholders to determine the best projects for selection.

- 8) Chapter 15: Woodstove Smoke Reduction Projects
 - a) MBARD may develop additional, or more stringent requirements, than requirements in this CAPP chapter.

- 9) Carl Moyer Program Projects funded with CAPP incentive funds.
 - a) Chapter 5 Off-road projects are limited to a maximum funding to 90 percent of eligible costs, or \$200,000, whichever is less; except projects under Chapter 5, E. Zero-Emission Utility Terrain Vehicle (UTV) Voucher Projects, where funding limits are as described in CMP guidelines.
 - b) Chapter 10 infrastructure projects for non-public entities are limited to \$200,000, except on a case-by-case basis as approved by the MBARD Planning Manager or Air Pollution Control Officer.
 - c) All other acceptable project source categories.

Requirements of projects to be supported with CAPP incentive funds are outlined in the 2024 **CARB Grant Programs Policies and Procedures Manual**. In addition to the outlined procedures in the **CARB Grant Programs Policies and Procedures Manual**, the following are unique components of CAPP:

- 1) To ensure transparency and accountability, MBARD staff will conduct or participate in several outreach events and campaigns (e.g. social media, program mail-outs, radio station advertising, etc.) to help potential applicants access funding opportunities, particularly for priority populations.
- 2) MBARD must report each public outreach event held for CAPP, including the date, city, and estimated number of in-person and remote attendees (e.g., teleconference, webinar, Zoom, etc.)
- 3) MBARD must report employment benefits and outcomes for administrative funds; including an estimate of the hours worked and the average hourly wage by job classification for staff administering CAPP.
- 4) Projects being considered for CAPP funding will be displayed on MBARD's website prior to final funding selection.
- 5) Any additional policy or guideline specific to implementation of an incentive program for a project source category not in this manual is available for review on the online application for each project source category or upon request.
- 6) MBARD will display the CCI logo on equipment and signage, as applicable, to acknowledge the funding source. Standard funding language will be used on websites and included in announcements, press releases, and publications as follows:

*“The **Monterey Bay Air Resources District (MBARD)** is part of California Climate Investments, a statewide program that puts billions of Cap-and-Trade dollars to work reducing GHG emissions, strengthening the economy, and improving public health and the environment— particularly in disadvantaged communities. The Cap-and-Trade program also creates a financial incentive for industries to invest in clean technologies and develop innovative ways to reduce pollution. California Climate Investments projects include affordable housing, renewable energy,*

public transportation, zero-emission vehicles, environmental restoration, more sustainable agriculture, recycling, and much more. At least 35 percent of these investments are located within and benefiting residents of disadvantaged communities, low-income communities, and low-income households across California. For more information, visit the California Climate Investments website at: www.caclimateinvestments.ca.gov.”

The Media & Communications Style Guide will be used for guidance on proper CCI logo placement (www.caclimateinvestments.ca.gov/logo-graphics-request).

B. Landscape Equipment Exchange Program (LEEP) Policies and Procedures Manual

This section focuses on the MBARD’s local implementation of the Landscape Equipment Exchange Program (LEEP), including roles and responsibilities within MBARD and local application of requirements. MBARD staff will review this section at least once a year and make it available when requested by CARB staff or a member of the public.

AB 1346 prohibits in California small off-road equipment (SORE), which includes lawn and garden equipment, produced on or after January 1st, 2024, from emitting engine exhaust and evaporative emissions. CARB 2020 Mobile Source Strategy for SORE is to have a full transition to zero-emission equipment starting in 2024. Executive Order N-79-20 calls for zero emissions from all off-road equipment in CA by 2035. MBARD’s LEEP aims to facilitate engine exhaust and evaporative emission reductions and to support the transition to zero-emission equipment.

Important Program Resources:

- [Assembly Bill No. 1346](#)
- [Carl Moyer Program Guidelines \(2024\)](#)
- [Fiscal Year 2021-2022 \(Moyer Year 24\) State Reserve Project Solicitation](#)

LEEP administrative procedures are based on requirements of the most recently adopted CMP Guidelines (2024), Chapter 9: Lawn and Garden Equipment Replacement of the Carl Moyer Program Guidelines, and the Moyer Year 24 State Reserves Solicitation memo (2022).

In addition to and despite the procedures outlined in other sections of MBARD’s **CARB Grant Programs Policies and Procedures Manual**, the following are unique components of LEEP:

- 1) The Landscape Equipment Exchange Program (LEEP) has a residential program aspect, which is funded by the CMP funds, and a commercial program aspect, which is funded by CMP State Reserves Year 24.

- 2) LEEP projects are excluded from CMP Guideline requirements in:
 - a. Chapter 2: General Criteria
 - i. L. Applicant cost share
 - ii. BB. CARB verification and certification
 - b. Chapter 3: Program Administration
 - i. U. Project Application Requirements
 - ii. Z. Project Pre-Inspection
 - iii. AA. Project Post-Inspection
 - iv. BB. Project Invoice and Payment
 - v. CC. Air District Grantee Annual Reporting
 - vi. DD. Air District Audit of Projects
 - vii. EE. Nonperforming Projects
 - viii. And as noted elsewhere in Chapter 9: Lawn and Garden Equipment Replacement of the Carl Moyer Program Guidelines (2024)
- 3) Projects for the LEEP are selected on a first-come, first-served basis for eligible equipment.
- 4) LEEP applicants will not be eligible for grants if they have taken any action to procure, order, take delivery of, or purchase equipment prior to contract execution.
- 5) Each residential and commercial applicant may receive up to \$15,000 in total grant incentives per program year.
- 6) Commercial LEEP applicants, when submitting their social security number in lieu of an EIN, must provide a copy of their Contractor State Licensing Board (CSLB) license number, business license, fictitious name statement, or registration with a local chamber of commerce. If a proprietorship, then provide a W-9 to verify the business name and tax number.
- 7) Schools and school districts may submit more than one application and replace an unlimited quantity of eligible equipment. Each eligible equipment replacement may receive the maximum incentive as stipulated in the latest CMP guidelines, but the total each applicant may receive is uncapped.
- 8) The LEEP rebate reimbursement process includes the pre-approval, exchange, and reimbursement steps. Participants establish program eligibility and enter a contract with MBARD during the pre-approval step. Applicants confirm their understanding of their project's rebate amount during the preapproval step. During the exchange step, confirmation of the dismantling of the old combustion equipment is established. The reimbursement step includes verifying the rebate amount with respect to the description of equipment exchanged and the final itemized invoice of the new, battery-powered, zero-emission equipment. Each project's rebate amount is individually reviewed by an Air Quality Technician or Air Quality Planner before a rebate is sent for review and disbursement by mail

by MBARD Finance officers. MBARD finance officers disburse each rebate by mail or as requested by applicant.

- 9) All additional aspects of the LEEP Program Guidelines are available for review on the MBARD webpage (www.MBARD.org/LEEP) and upon request (831-647-9411).

C. Zero-Emission UTV Replacement (ZEUs) Policies and Procedures Manual

This section focuses on the MBARD's local implementation of the Zero-Emission Utility Terrain Vehicle Replacement Program (ZEUs), including roles and responsibilities within MBARD and local application of requirements. MBARD staff will review this section at least once a year and make it available when requested by CARB staff or a member of the public.

MBARD is introducing the ZEUs to encourage and accelerate the use of zero-emission utility terrain vehicles (UTV) by providing incentives for the purchase of new zero-emission vehicles. The Zero-Emission UTV Replacement Program would provide an incentive award for up to 75 percent of the eligible costs of a new zero-emission UTV with a maximum of \$13,500 to qualified businesses, public agencies and entities, and non-profit organizations involved in agricultural operations. ZEUs funding will not be limited to 50% of replacement cost, as is the case with other MBARD programs.

Important Program Resources:

- [Carl Moyer Program Guidelines \(2024\)](#)
- FARMER Guidelines (2024)
- Community Air Protection Program Guidelines (2025)

The administrative procedures for ZEUs projects are based on requirements of the most recently adopted FARMER Guidelines (2024), CMP Guidelines (2024) and/or CAPP Guidelines (2025). In addition to and despite procedures outlined in other sections of MBARD's **CARB Grant Programs Policies and Procedures Manual**, the following are unique components of ZEUs:

- 1) The applicant must have owned and operated the baseline vehicle or equipment in California for the previous 24 months. At minimum, the baseline vehicle or equipment must have an engine model year five years prior to the year of the funding application. The baseline vehicle or equipment must be a tractor less than 25 horsepower or a UTV and powered by an internal combustion engine.
- 2) ZEUs projects are excluded from CMP Guideline requirements in Chapter 3: Project Administration, except for the following Sections:
 - U. Requirements for Project Applications
 - Z. Project Pre-Inspection
 - AA. Project Post-Inspection

BB. Project Invoice and Payment

CC. Air District Grantee Annual Reporting

DD. Air District Audit of Projects

EE. Nonperforming Projects

- 3) The UTV must be a new vehicle, as defined in the California Vehicle Code Section 430, meaning a vehicle constructed entirely from new parts that has never been the subject of a retail sale, or registered with the department, or registered with the appropriate agency or authority of any other state, District of Columbia, territory, or possession of the United States, or foreign State, province, or country.
- 4) The UTV must emit zero tailpipe emissions from its onboard source of power (such as all electric or hydrogen fuel cell vehicles) and may not undergo any modification that would allow propulsion by any other means.
- 5) The UTV must have a towing capacity of 600 lbs. or greater and a total vehicle weight of 700 lbs. or greater.
- 6) The UTV drivetrain, including applicable energy storage tanks or battery packs, must be covered by a manufacturer warranty. Prior to approving a project, CARB or MBARD may request that the manufacturer provide copies of representative vehicle and battery warranties and a description of the manufacturer's plans to provide warranty and routine service.

To be eligible for an incentive ZEUs applicants must:

- a. Be a business, non-profit, or government entity that can show proof of California residency or proof that the agricultural operation for which the UTV would be used occurs in California. Individuals are not eligible for CMP funded ZEUs projects
- b. Self-certify that the UTV would be used exclusively for California agricultural operations.
- c. Enter into a contractual agreement with MBARD.
- d. Maintain ownership and operability of the UTV and meet all applicable project requirements for the duration of the contract.
- e. Provide MBARD a completed online application that includes but is not limited to:
 1. Pictures of the baseline (old) UTV, including, if possible, the entirety of the equipment, equipment serial number, engine serial number, and a video of the baseline UTV in operation, demonstrating the equipment is operational.
 2. Past maintenance records and/or service history on the baseline (old) UTV that would be replaced.
 3. An unsigned quote of the zero-emission replacement (new) UTV.

- f. Surrender the baseline UTV, as identified in the pre-inspection, to be permanently destroyed by an MBARD approved dismantler.
- g. The baseline engine and equipment must be destroyed within 90 days of receipt of the new zero-emission UTV. Documentation of the destruction must be provided to the air district within 30 days of destruction.
- h. Not purchase, make payments toward, and/or take possession of the new UTV prior to receiving a fully executed contract from MBARD. A fully executed contract means both parties have signed the agreement. The fully executed agreement is the application step successfully completed immediately prior to an applicant receiving notification of pre-approval.
- i. Not make nor allow any modification(s) to the vehicle systems, including motor and other hardware, the addition of auxiliary power sources, or changes to the software calibrations.
- j. Commit that any emission reductions generated by the purchased UTV will not be used as marketable emission reduction credits, to offset any emission reduction obligation of any person or entity, or to generate a compliance extension or extra credit for determining regulatory compliance. Be available for any follow-up inspection if requested by MBARD, CARB, or CARB's designee for the purposes of project oversight and accountability.
- k. Install and maintain an operational hour meter on the new UTV.
- l. If during the project life, the hour meter fails for any reason, repair or replace the hour meter as soon as possible at the Grantee's expense.

General Application Process:

- 1) Applicant submits a complete Pre-Approval Application to MBARD via online application.
- 2) Once reviewed and approved, MBARD will issue a Pre-Approval email with additional instructions for the Applicant to complete their project and request reimbursement.
- 3) Applicant surrenders the baseline UTV at an MBARD approved dismantler for permanent destruction.
- 4) Applicant purchases the replacement (new) UTV from an eligible retailer.
- 5) Applicant submits a complete Reimbursement Request to MBARD via online form.
- 6) Once reviewed and approved, MBARD will disburse the incentive within approximately 30 days

D. Charging Infrastructure Program (ChIP) Policies and Procedures Manual

This section focuses on MBARD's local implementation of the Charging Infrastructure Program (ChIP), including roles and responsibilities within MBARD and local application of requirements. MBARD staff will review this section at least once a year and make it available when requested by California Air Resources Board (CARB) staff or a member of the public.

ChIP aims to facilitate the expansion of access to Electric Vehicle (EV) battery charging station infrastructure, which will support reliable electric vehicle use, thereby reducing fossil fuel reliance. ChIP will incentivize this expansion by reimbursing grantees for eligible costs for, and associated with, EV Charging Stations. Decreasing toxic air contaminants from engine exhaust will provide air quality improvements.

Important Program Resources:

- [Carl Moyer Program Guidelines \(2024\)](#)
- [Fiscal Year 2023-2024 \(Moyer Year 26\) State Reserve Project Solicitation](#)
- Community Air Protection Program Guidelines (2025)
- AB 923 associated guidance
- AB 2766 associated guidance

ChIP administrative procedures are based on requirements of the most recently adopted Carl Moyer Program (CMP) Guidelines (2024), Chapter 10: Infrastructure (2024).

In addition to and despite the procedures outlined in other sections of MBARD's **CARB Grant Programs Policies and Procedures Manual**, the following are unique components of ChIP:

- 1) The Charging Infrastructure Program (ChIP) has a residential program aspect, which may be funded by AB 923 funds and other funding sources, and a commercial program aspect, which may be funded by Carl Moyer Program Funds, Community Air Protection Funds, and other funding sources.
- 2) ChIP project funding (e.g. cost eligibility, funding percentages of eligible cost) follows requirements in the most recent update to the Carl Moyer Program Guidelines (2024), and/or Community Air Protection Program Guidelines, or the AB 2766 Motor Vehicle Emission Reduction Grant Programs Guidelines.
- 3) ChIP projects are not required to meet a cost-effectiveness threshold but may be accepted during an application period, after which all received applications are evaluated and ranked according to cost-effectiveness. ChIP project applications may be evaluated and funded on a first-come, first-served basis. ChIP project funding may prioritize funding projects that support on-road medium- and

heavy-duty electric vehicles, over projects that support light-duty electric vehicles. ChIP project funding may prioritize projects that provide benefits to a priority population area.

- 4) Applications are accepted on an as-needed basis, meaning the program may open on a first-come, first-served, or to ranked application period.
- 5) ChIP Projects that may be funded with Carl Moyer Program and/or Community Air Protection Funds are limited to new, conversion of existing, and expansion to existing non-residential battery charging stations (e.g. workplace charging, direct current fast chargers along freeway roadway corridors, long-term charging at destination areas such as airports and shopping centers and charging at distribution centers and warehouses). ChIP projects that may be funded with AB 923 and AB 2766 funds include but are not limited to residential projects and those identified as eligible for funding with Carl Moyer Program Funds.
- 6) The project must be installed and located within the boundaries of MBARD's jurisdiction. If funded by Community Air Protection Funds, the project must meet program priority population target requirements and all other program requirements.
- 7) Applicant types are limited based on available funding sources and the requirements for liquidating available funding sources. Air districts or other entities receiving administration funding through CMP are not eligible.
- 8) An Agreement must be signed and fully executed by all parties prior to a Grantee placing any orders, making any payments, or incurring any reimbursable expenses; except, at the sole discretion of MBARD, fees incurred pre-agreement execution (i.e., permits, design, engineering, site preparation), license fees, environmental fees, commissioning fees (safety testing), and onsite required safety equipment. Dealers ordering a piece of equipment before the Effective Date assume all financial risk and are in no way ensured the availability of program funds to cover the equipment costs. Grantee shall not order or make a payment on equipment prior to the date of contract execution. Grantee assumes all financial risk and is in no way ensured the availability of program funds to cover equipment costs or work completed prior to contract execution.
- 9) Financing may be obtained by Grantee to assist in the purchase of Grant-Funded Equipment. Documentation of financing must be provided to MBARD. All funding sources that have been applied for or received for a project must be disclosed, including any sources that become available after the contract execution. Co-funded projects must meet all criteria associated with each funding source used to fund the project. Grantees from non-public entities must provide at least 15 percent of the CMP and/or CAPP eligible cost from non-public sources. The total sum awarded to the Grantee for a Project from all sources, including but not limited to MBARD and non-MBARD grant awards, cannot exceed total project costs. Grantee's signature on the Agreement certifies that the Grantee has not

and shall not, under penalty of perjury, submit another application or sign another agreement or contract with any other source of funds for the same Grant-Funded Equipment in an MBARD Agreement without first both the written disclosure to, and written approval from, MBARD.

- 10) The applicant must be in compliance with all federal, State, and local air quality rules and regulations at time of application submittal and does not have any outstanding or pending enforcement actions.
- 11) Project life shall be a minimum of three and a maximum of 15 years, except as described in CMP Guidelines.
- 12) The applicant must be able to demonstrate to MBARD that the applicant can obtain all required land use permits from agencies needed to install and operate the station.
- 13) For a publicly accessible station, the applicant must provide a description of the geographic location, including an aerial map (i.e. satellite view from an internet-based map or city/county map) and specific street address of the proposed station.
- 14) Publicly accessible stations should be accessible to the public 24 hours a day or as many hours as allowed by local ordinance. Publicly accessible stations with restricted access such as gated facilities must be accessible to the public during their regular business hours.
- 15) Publicly accessible stations must provide equal access and opportunities to all users.
- 16) Publicly accessible stations must be appropriately striped and equipment with signage identifying the parking space as EV charging station.
- 17) Applicants must demonstrate that they either own the land on which the project will be located, or control it through a long-term lease, easement or other legal arrangement, for the duration of the project life. For a proposed project where the land is not owned by the applicant, an executed lease agreement or letters of commitment lasting for the duration of the project life must be signed by property owners/authorized representatives and must be submitted with the application.
- 18) Applicants must be able to provide documentation that power or fuel is being provided to the site in a timely manner to meet project milestones and deadlines (e.g. application, contract, or payment to the local utility company for power installation).
- 19) The project must comply with all applicable federal, State, local laws and requirements including environmental laws, and State building, environmental and fire codes. For instance, air districts or applicants may need to perform CEQA review and obtain approval prior to funding a project. Projects must comply with the Americans with Disability Act.

- 20) All infrastructure projects that include on-site power generation (e.g., solar, wind) and/or are publicly accessible, must be selected through competitive bidding. In cases where this requirement cannot be met, the air district must provide written justification to CARB. For public school districts, their existing competitive bidding process fulfills the competitive bidding requirement. Similarly, public entities with an existing competitive bidding process also meet the competitive bidding requirement. See the competitive bidding process definition in Appendix B of CMP Guidelines (2024). A competitive bidding process is not necessary for portable power projects unless there is a labor or installation project component for the equipment to perform the required job function. Work must be performed by contractors and/or electricians that meet all required licensing, certification, and statutory requirements for the eligible project type (e.g., Assembly Bill (AB) 841 (Ting, Chapter 372, Statutes of 2020)).
- 21) All equipment and parts must be new. Remanufactured or refurbished equipment and parts are not eligible.
- 22) Projects must maintain a 95 percent uptime with 24/7 customer service available on site, via toll-free telephone number. If grant-funded equipment is not functional, the grantee is responsible for ensuring that repairs are made, and stations are up and running within 15 business days. The Grantee must notify MBARD of any downtime beyond 15 days and work with MBARD to ensure stations are operational. Depending on the project, a rule, regulation, or law may set more stringent uptime and reliability requirements (e.g. AB 2061).
- 23) If during the project life the fuel/energy meter fails for any reason, the fuel/energy meter must be repaired or replaced as soon as possible and is considered a maintenance expense, therefore not an eligible cost.
- 24) Chargers must be level 2 and higher to support non-residential stations.
- 25) On-road publicly accessible charging stations must use a valid and universally accepted charge connector protocol (e.g., Society of Automotive Engineers (SAE) J1772, Combined Charging System (CCS), North American Charging Standard (NACS), SAE J3271).
- 26) CHIP equipment must be certified, or field evaluation labeled by a Nationally Recognized Testing Laboratory (e.g., Underwriter's Laboratories, Intertek) located at OSHA's Nationally Recognized Testing Laboratory (NRTL) Program.
- 27) CHIP equipment must have a warranty that covers both parts and labor for at least one year.
- 28) Grantee must provide EVITP Certification Numbers of each Electric Vehicle Infrastructure Training Program-certified electrician that will install electric vehicle charging infrastructure or equipment.
- 29) Grantee must ensure that pursuant to Public Utility Code (PUC) Section 740.20 (Assembly Bill 841 (2020)), for work performed on or after January 1, 2022, all electric vehicle charging infrastructure and equipment located on the customer

side of the electrical meter funded or authorized by an agreement with MBARD shall be installed by a contractor with the appropriate license classification, as determined by the Contractors' State License Board, and at least one electrician on each crew, at any given time, who holds an Electric Vehicle Infrastructure Training Program (EVITP) certification. Projects that include installation of a charging port supplying 25 kilowatts or more to a vehicle must have at least 25 percent of the total electricians working on the crew for the project, at any given time, who hold EVITP certification. One member of each crew may be both the contractor and an EVITP certified electrician. The requirements stated in this paragraph do not apply to any of the following:

- a. Electric vehicle charging infrastructure installed by employees of an electrical corporation or local publicly owned electric utility.
 - b. Electric vehicle charging infrastructure funded by moneys derived from credits generated from the Low Carbon Fuel Standard Program (Subarticle 7 (commencing with Section 95480) of Article 4 of Subchapter 10 of Chapter 1 of Division 3 of Title 17 of the California Code of Regulations).
 - c. Single-family home residential electric vehicle chargers that can use an existing 208/240-volt outlet.
- 30) Contracts for battery charging stations must include anticipated usage in terms of projected throughput and an estimate of the number of vehicles, equipment, or vessels that may be using the station for the term of the contract. Contracts must include the number of electric vehicle supply equipment (EVSE) ports and connectors. Contracts must include that Grantee must report all publicly available accessible battery charging station installations to the Department of Energy Alternative Fuel data Center.
- 31) The district will perform pre-inspection for conversion, expansion and portable power projects that are selected for funding to confirm the accuracy of the application information. Pre-inspections are recommended, not required, for infrastructure projects proposing the installation of new charging stations.
- 32) Applicants are eligible to claim credits generated under the Low Carbon Fuel Standard (LCFS) program.
- 33) Post inspections must verify and document operation by connecting a vehicle or equipment to the charging station and that the infrastructure is capable of dispensing fuel/electricity.
- 34) A project may be considered for final payment once the necessary infrastructure has been installed and connected to the power generation equipment and/or

electricity grid and has been demonstrated to MBARD that it is fully operational during a post-inspection.

- 35) Grantee must annually provide to MBARD the following data for the entire project life: annual usage per charger or per station; and any scheduled or unscheduled downtime, including duration and causes of downtime.
- 36) All additional aspects of the CHIP Guidelines are available for review on the MBARD webpage (www.MBARD.org/CHIP) and/or upon request (831-647-9411).

E. Marine Engine Repower Program (MERP) Policies and Procedures Manual

This section focuses on MBARD's local implementation of the Marine Engine Repower Program (MERP), including roles and responsibilities within MBARD and local application of requirements. MBARD staff will review this section at least once a year and make it available when requested by California Air Resources Board (CARB) staff or a member of the public.

MERP aims to facilitate replacing diesel-powered marine engines to help reduce air pollution. This program will reimburse grantees for eligible costs for, and associated with, replacing an old diesel marine engine with a newer, lower emission diesel, alternative fuel, hybrid, or zero-emission engine or motor. Decreasing toxic air contaminants from marine engine exhaust will provide air quality improvements.

Important Program Resources:

- Carl Moyer Program Guidelines (2024)
- Fiscal Year 2023-2024 (Moyer Year 26) State Reserve Project Solicitation
- Community Air Protection Program Guidelines (2025)
- Commercial Harbor Craft (CHC) Regulation
- 2020 Control Measure for Ocean-Going Vessels At Berth (At Berth Regulation)

MERP procedures are based on requirements of the most recently adopted Carl Moyer Program (CMP) Guidelines (2024), Chapter 7: Marine Vessels.

In addition to and despite the procedures outlined in other sections of MBARD's **CARB Grant Programs Policies and Procedures Manual**, the following are unique components of MERP:

- 1) Applications are accepted on an as needed basis, meaning applications may be accepted on a first-come, first-served basis, or applications may be accepted during an application period, where the applications received are evaluated for eligibility and then ranked by cost-effectiveness in dollars per ton of air pollution emissions reduced. The maximum funding for MERP projects is the lower of 50

percent of total eligible costs or the cost-effectiveness maximum, but no more than MBARD's funding cap of \$150,000. MBARD has the option of calculating the project cost-effectiveness on a per-vessel basis.

- 2) Priority will be given to zero-emission or near-zero emission technology projects by ranking such projects higher than diesel repower projects. A zero-emission or zero-emission capable hybrid system must create a surplus in emission reductions greater than that required under the Commercial Harbor Craft Regulation to be eligible for funding.
- 3) Marine propulsion and auxiliary engines may be eligible for CMP funding, provided they are equal to or greater than 25 hp. Portable marine engines permanently affixed to a CHC vessel may be eligible.
- 4) Engines on marine vessels with wet exhaust systems are eligible for CMP funding if the project vessel meets all other applicable program requirements. The wet exhaust systems themselves are not eligible for CMP funding. A wet exhaust factor of 0.80 must be applied to the baseline and reduced emission propulsion and auxiliary engine emission calculations for all projects on vessels with wet exhaust systems.
- 5) Recreational and non-diesel vessels are not eligible for MERP.
- 6) Funding opportunities may be limited for vessels subject to the CHC Regulation including Commercial Passenger Fishing Vessels (CPFVs), commercial fishing vessels, pilot vessels, barges, dredge vessels, work boats, research vessels, ferries, excursion vessels (e.g. dive boats and whale watching boats), tugboats, towboats, push boats, crew boats, and supply boats.
- 7) All new engines and replacement engines purchased for Carl Moyer Program marine vessel repower projects must meet the requirements of the CHC Regulation set forth under California Code of Regulations, title 17, subsections 93118.5(e), with few exceptions (e.g. registered historic vessels and dedicated emergency use vessels) and therefore must be in CHC compliance to be eligible. A summary of the implementation dates for the 2022 Amendments to the CHC regulation is available at [CHC Factsheet: Implementation Timeline / California Air Resources Board](#). The regulation includes requirements for newly acquired engines and requirements for replacement engines in vessels subject to the schedules to meet Tier 3 and Tier 4 + DPF standards. Use of an off-road certified engine must adhere to the requirements set forth under California Code of Regulations, title 17, sections 93118.5(e)(8) and (e)(9), especially the marinization requirements set forth in Code of Federal Regulations, title 40, part 1042.605. Documentation that engines meeting the current applicable standards are unavailable must be included in the air district's project file.
- 8) Owners and operators of engines subject to the CHC Regulation must include a copy of the most recent Initial Report or Annual Report in their project application. In instances where an EO approved compliance deadline extension,

- ACE, or ZEAT Application/Credit is associated with a project, all pertinent documentation validating the extension, ACE, or ZEAT Application/Credit approval must be included with the project application documentation.
- 9) MERP repower projects subject to CHC regulations must be completed at least one year prior to the vessel's in-use compliance date to be eligible for funding. Each repower project must have the potential to realize at least one year of surplus emission reductions by the time of project completion. For example, a project with a compliance date or compliance extension deadline of December 31, 2027, must have a completed and successful post-inspection by December 31, 2026 to be eligible for an incentive.
 - 10) Project life for a marine engine cannot extend beyond that engine's compliance deadline.
 - a. Regulatory compliance extensions must be obtained and approved by CARB's Executive Officer (EO) in advance of compliance deadlines.
 - b. Applicants must submit documentation of EO granted compliance extensions. MBARD may consider applicants' proposed compliance extensions when evaluating projects and determining project life, so long as the extension is approved prior to contract execution date.
 - 11) Carl Moyer Program funding can be based on engine hours or fuel use. Hours of operation are the preferred basis for project cost-effectiveness calculations and eligibility. Applicants must submit historical usage data as part of the application process. This data must be based on the previous two years of historical usage documentation specific to the vessel being funded. Acceptable forms of documentation may include hour meter readings, maintenance records, fuel logs, purchase receipts or ledger entries. Grant funding that is based on historical fuel usage may not exceed the grant funding amount that would be based on hours of operation; the more conservative calculation must be used. For projects in which the two most recent years of documented usage are not available, the minimum annual usage is required to be specified in the contract (Chapter 3, Section X.6.(B)).
 - 12) Owners and operators of engines subject to the CHC Regulation must include a copy of the most recent Initial Report or Annual Report in their project application. The reporting requirements are outlined under California Code of Regulations, title 17, section 93118.5(o). In instances where an EO approved compliance deadline extension, ACE, or ZEAT Application/Credit is associated with a project, all pertinent documentation validating the extension, ACE, or ZEAT Application/Credit approval must be included with the project application documentation.
 - 13) Marine vessels must have a United States Coast Guard Documentation Number (except for certain vessels such as those of less than five net ton displacement). A valid California vessel registration (CF) number and a copy of the California

Department of Fish and Game license can be provided instead of a Coast Guard Documentation Number. Alternatively, an ocean-going vessel can provide a Lloyd's/International Maritime Organization (IMO) number.

- 14) Only marine vessel activity in Regulated California Waters (RCW, defined in CHC, CCR title 17, section 93118.5(d)) and internal waters may be used to determine project emission reductions.
- 15) Vessels must operate at least 50 percent of the time in coastal waters of Santa Cruz and/or Monterey Counties, with the remainder in California coastal waters.
- 16) MERP projects are not required to meet the minimum California usage requirement in CMP Chapter 2, Section O.
- 17) For marine engine repower projects, there is no minimum percentage of NO_x reductions required for the replacement engine relative to the baseline engine. The replacement engine cannot be significantly modified or reconfigured in any way during the project life.
- 18) Emission factors, load factors, and other criteria (related to an engine's Family Emission Limit (FEL) and/or participation in Averaging, Banking and Trading (ABT)) needed to evaluate marine engine repower projects are available in Carl Moyer Program Guidelines, Appendix D, Tables D-24a, D-24b, D-25a, D-25b, D-26a, and D-26b.
- 19)
 - a. Tier 4 Engines using a Family Emission Limit (FEL) or Averaging, Banking, and Trading (ABT) to meet the Tier 4 emission standards will be funded at Tier 3 engine levels. Tier 3 emission factors will be used for emission reduction calculations.
- 20) The maximum project life for a marine vessel repower project is 9 years. The maximum project life for zero-emission and zero-emission capable hybrid system installation projects is 5 years. The maximum project life does not consider regulatory requirements and may be shorter. Regulatory requirements may reduce actual project lives below the maximum value.
- 21) MBARD will follow CMP Guidelines to determine eligibility of costs incurred for marine repower projects (see CMP Guidelines Chapter 7, Sections I.C.2 & I.C.3).
- 22) All engines replaced as part of a marine vessel repower project must be scrapped. At a minimum, the destruction must include the following:
 - a. A hole must be put into the engine block with a diameter of at least three inches at the narrowest point. The hole must be irregularly shaped (i.e. no symmetrical squares or circles) and
 - b. A section of the oil pan flange must be removed as part of the hole or have a line cut through it that connects the hole.
- 23) Zero-emission system or the zero-emission capable hybrid system projects must be approved by CARB's Executive Officer via Zero Emission & Advanced

Technology (ZEAT) application process as required by CHC Regulation CCR, title 17, Section 93118.5(e)(10 or (e)11.

- 24) Financing may be obtained by Grantee to assist in the purchase of Grant-Funded Equipment. Documentation of financing must be provided to MBARD. All funding sources that have been applied for or received for a project must be disclosed, including any sources that become available after the contract execution. Co-funded projects must meet all criteria associated with each funding source used to fund the project. Grantees from non-public entities must provide at least 15 percent of the CAPP eligible cost from non-public sources. The total sum awarded to the Grantee for a Project from all sources, including but not limited to MBARD and non-MBARD grant awards, cannot exceed total project costs. Grantee's signature on the Agreement certifies that the Grantee has not and shall not, under penalty of perjury, submit another application or sign another agreement or contract with any other source of funds for the same Grant-Funded Equipment in an MBARD Agreement without first both the written disclosure to, and written approval from, MBARD.
- 25) If during the project life the hour meter fails for any reason, it must be repaired or replaced as soon as possible and is considered a maintenance expense, therefore not an eligible cost.
- 26) All additional aspects of the MERP Guidelines are available for review on the MBARD webpage (www.MBARD.org/MERP) and upon request (831-647-9411).