

***24580 Silver Cloud Court • Monterey, California 93940831/647-9411 • FAX 831/647-8501 • APCO Richard Stedman***

To: Applicants for the FY 2022-23 AB2766 Grant Program

Re: FY 2022-23 AB2766 Grant Program Criteria and Procedures

From: MBARD Planning Division

On March 16, 2022, the Monterey Bay Air Resources District (MBARD) Board authorized this year’s AB2766 Motor Vehicle Emission Reduction Grant Program. AB2766 FY 2022-23 will contain two major programs: the **Clean Air Management Program** (**CAM**) for fixed asset projects that yield direct motor vehicle emission reduction and the **Clean Vehicle Program** (**CVP**) to incentivize the purchase of light duty electric vehicles within MBARD jurisdiction.

On September 21, 2022,the MBARD Board will award approximately $1.2 million to selected Clean Air Management Program projects. In addition, each year the District may recover grant funds from completed projects with a residual balance and projects that were not completed or never initiated. These disencumbered funds are then returned to the grant program budget.

* The current maximum award for an eligible Clean Air Management project is $400,000. Eligible projects must be fixed assets that will yield quantifiable motor vehicle emission reductions. Typical fixed asset projects include roundabout design/construction and adaptive traffic control systems. The **Advanced Clean Transportation (ACT)** component will offer incentives for the purchase or lease of medium to heavy-duty electric vehicles for public agency and private fleets. All AB2766 funded projects must be implemented in Monterey, San Benito and/or Santa Cruz Counties.

The Clean Vehicle Program will be comprised of:

* The Monterey Bay Clean Light-Duty EV Incentive Program will offer incentives for the purchase or lease of new and used alternative fuel vehicles. The incentive program will only be offered to residents of Monterey, Santa Cruz and San Benito counties.
* The Light-Duty EV Voucher Replacement Incentive Program for Public Agencies will be used for the purchase or lease of new and used light-duty electric vehicles.

Emission reduction projects must enable reduction of ozone precursor emissions (ROG and NOx) and PM from vehicle sources. Apart from the ACT component of the CAM Program, only public agencies may apply and receive CAM funds. Private entities may implement the projects under contract to these agencies. Applications are due at the District office **by 4:00 PM on June 17, 2022.**

For questions or more information, please call the MBARD Planning Division, [grants@mbard.org](mailto:grants@mbard.org)



**FY 2022-23 AB2766 EMISSION REDUCTION**

**GRANT PROGRAM**

**Criteria and Procedures**

**For Fiscal Year**

**July 1, 2022 to June 30, 2023**

Monterey Bay Air Resources District

24580 Silver Cloud Court

Monterey, CA 93940

Phone: (831) 647-9411 ~ Fax: (831) 647-8501

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**TABLE OF CONTENTS**

FY 2022-23 AB2766 Criteria and Procedures:

1. INTRODUCTION 3

2. ELIGIBILITY 3

3. GRANT APPLICATION TIMETABLE 4

4. SCORING & RANKING GRANT APPLICATIONS 4

5. PROJECT SELECTION AND GRANT AWARD 5

6. RESPONSIBILITIES OF GRANTEES 5

7. EQUAL EMPLOYMENT OPPORTUNITY GUIDELINES 5

8. APPLICATON AND INSTRUCTIONS ………………………………………………………………………………….…5

You may download all program applications at:

[**https://www.mbard.org/ab2766-motor-vehicle-emission-reduction-grants**](https://www.mbard.org/ab2766-motor-vehicle-emission-reduction-grants)

**FY 2022-23 AB2766 CRITERIA AND PROCEDURES:**

**1. INTRODUCTION**

In 1990, Assembly Bill (AB) 2766 was enacted into law as the California Health and Safety Code §§44220 – 44247. The legislation authorized the Department of Motor Vehicles (DMV) to collect a motor vehicle registration fee surcharge of $4.00 for each vehicle registered within the boundaries of the Monterey Bay Air Resources District (MBARD). The regulation requires that those AB766 revenues distributed to MBARD “…be used solely to reduce air pollution from motor vehicles and for related planning, monitoring, enforcement, and technical studies…” (H&SC §44220(b)).

California Air Resources Board (ARB) guidance for the AB2766 grant program directs MBARD to select cost-effective projects that directly reduce vehicular emissions.

Since MBARD initiated the AB2766 grant program 32 years ago, the MBARD Board has authorized $39.2 million to over 604 projects in Monterey, San Benito, and Santa Cruz counties. The following are current AB2766 emission reduction programs:

* **Clean Vehicle Program:**
  + **EV Voucher Replacement Incentive Program for public agencies**
  + **EV Incentive Program for Santa Cruz, San Benito and Monterey county residents**
* **Clean Air Management Program:**
  + **Roundabout design and construction**
  + **Adaptive Traffic Signal Control**
  + **Advanced Clean Transportation**

**2. ELIGIBILITY**

To be eligible, a project must reduce, or enable the reduction of motor vehicle ozone precursor pollutants and particulate matter (10 microns in diameter or less).

With the exception of Advanced Clean Transportation projects, applicants must be authorized officials of public agencies. Projects must be implemented within one or more of the following counties: Monterey, San Benito and Santa Cruz. Grants may be awarded only to the public agency or agencies that submitted the application, with one agency acting as signatory of a Grant Acceptance Agreement.

Projects funded under this program must comply with all terms and conditions in this FY 2022-23 application packet, meet all application eligibility criteria listed in the packet, and qualify in one of the following two categories:

1. **Clean Air Management Program:** These projects are identified as fixed asset for which travel activity data is available to calculate the expected reductions in motor vehicle emissions. Typical projects include roundabout design/construction, adaptive traffic signal control system installations and fleet electrification. Projects in this category are scored based on calculated emissions reduced. Applicants must submit travel activity data for the project as indicated in the application attachment, FY 2022-23 Activity Data Spreadsheet. A quantifiable cost-effectiveness (C/E) score for these projects is used to rank projects. C/E is expressed in dollars per ton of pollutant reduced in conjunction with the project’s total annual emission reduction in tons. Maximum funding per project will be $400,000.

* **Advanced Clean Transportation (ACT):** Grant funds will be available for public agency and private medium to heavy-duty fleets to replace existing internal combustion engine (ICE) vehicles. All medium to heavy-duty replacement vehicles must be 100% battery electric**.** Leveraging of other funds outside of the AB 2766 program may be used to offset incremental project costs. The MBARD AB923 Plug-In Monterey Bay Program may be used to provide funding for electric vehicle charging infrastructure.

1. **Clean Vehicle Program:** Eligible projects as defined below will not be ranked according to C/E or total annual emission reduction.

* **Light-Duty EV Voucher Incentive Replacement Program:** Vouchers are available for light-duty public agency fleets under this program. Recipients must replace the existing public agency fleet vehicle with a battery electric vehicle (BEV). Projects will not be ranked according to C/E or total annual emission reduction and will be awarded based on a first-come/first-served basis and the availability of program funds per individual county allocation. New or used vehicles may be purchased or leased with $10,000 or $7,500 vouchers respectively. Limit shall be one vehicle per applicant.
* **Monterey Bay Light-Duty EV Incentive Program (MBARD EVIP):** Incentives are available to the general public (no public agencies or private businesses) and may be used to purchase or lease new light-duty H2 fuel cell, BEVs, plug-in hybrid electric vehicles (PHEV), new fully electric motorcycles and E-bicycles. Funding for used BEVs and PHEV will also be available. The existing owned vehicle does not need to be replaced. The program will run within the fiscal year and on a first-come/first-served basis until funds are exhausted. Eligible vehicles for the incentive are established by the current CA Clean Vehicle Rebate Project (CVRP) requirements.

All eligible projects with the exception of the **MBARD EVIP** must be completed within the two-year grant project term period. A one-time extension of the grant project term may be authorized at the discretion of the MBARD Board, provided all terms and conditions of the Criteria and Procedures are met. Apart from other ACT component applicants, CAM project applications may be submitted by private entities under MBARD approved subcontract(s) with a designated public agency sponsor as the grantee under the Grant Acceptance Agreement.

**3. GRANT APPLICATION TIMETABLE**

|  |  |  |
| --- | --- | --- |
| ***FY 2022-23 AB2766 Timetable*** |  |  |
| **Task** |  | **Due Date** |
| Staff posts announcement and grant application packet to District website, www.MBARD.org |  | ***March 18, 2022*** |
|  |  |  |
| All applications due to District Office no later than 4:00 PM |  | ***June 17, 2022*** |
|  |  |  |
| Staff posts list of all eligible applicants for FY 2022-23 funding on District Website |  | ***July 1, 2022*** |
|  |  |  |
| Staff completes scoring and ranking of eligible FY 2022-23 applications |  | ***August 5, 2022*** |
|  |  |  |
| Staff grant award recommendations presented at September 2022 Board meeting. Selected projects are announced by Board. |  | ***September 21, 2022*** |

**4. SCORING AND RANKING GRANT APPLICATIONS**

Scoring for direct emission reduction projects shall be done according to the Air Resources Board (ARB) calculation models contained in the current (November 2021) “Methods to Find the Cost-Effectiveness of Funding Air Quality Projects” in conjunction with the ARB current Fleet Emission Factors and the 2017 Carl Moyer Program Guidelines Tables. These documents can be viewed or downloaded from the ARB website at:

[**http://www.arb.ca.gov/planning/tsaq/eval/eval.htm**](http://www.arb.ca.gov/planning/tsaq/eval/eval.htm)**.**

[**https://ww2.arb.ca.gov/our-work/programs/carl-moyer-memorial-air-quality-standards-attainment-program**](https://ww2.arb.ca.gov/our-work/programs/carl-moyer-memorial-air-quality-standards-attainment-program)

Ranking shall be according to the ***highest cost-effectiveness (C/E)***, expressed in dollars per ton of pollutant reduced ***and project total annual emission reduction.*** Applicants submitting projects of this type will need to provide travel activity data. The ***Travel Activity Data Spreadsheet*** and accompanying Excel Spreadsheet Table can be downloaded at:

[**https://www.mbard.org/ab2766-motor-vehicle-emission-reduction-grants**](https://www.mbard.org/ab2766-motor-vehicle-emission-reduction-grants)

**Note: The activity data spreadsheet will be submitted with the project application for all Clean Air Management projects.**

**5. PROJECT SELECTION AND GRANT AWARDS**

MBARD staff evaluates all Clean Air Management direct emission reduction project applications for eligibility, project scope, travel activity data and other characteristics. Staff will post a list of all qualified and eligible projects for FY 2022-23 AB 2766 grant funding on the MBARD website. Applicants must submit travel activity data for direct emission reduction projects. See the Travel Activity Data Spreadsheet, referenced in Section 4 for what data to submit for various types of projects. MBARD staff calculates the cost-effectiveness (C/E) expressed in dollars per ton of pollutant reduced. Staff performs C/E calculations based on ARB methods as described above.

EV Voucher Replacement Program Awards shall be subject to the existing funding allocations based on population per county and the cap per electric vehicle shall be ***$10,000*** for public agencies. **New vehicles may be purchased or leased (minimum of 3 years required). Certified used vehicles may be purchased with a voucher funding cap of $*7,500* (remaining battery life must be disclosed at time of purchase).** Local match funding shall be required on all public agency electric vehicle incentive program projects. Vouchers will be limited to only one per applicant.

EV Incentive Program for the general public will be based on a first come first served basis until all program funds are depleted within the fiscal year. Incentives for FY 2022-23 are:

* + ***$2,500*** for H2 Fuel Cell vehicles
  + ***$2,000*** for new BEVs, ***$1000*** for used
  + ***$1,000*** for new PHEVs, ***$700*** for used
  + ***$1,000*** for electric motorcycles
  + ***$500*** for E-bicycles with an additional **$500** for qualified low-income applicants

General public incentives apply to either purchase or lease (***lease agreements must be a minimum of 24 months)*** of a new BEV or PHEV from an authorized dealer (existing owned vehicles do not need to be replaced). Used BEVs and PHEVs will be eligible for a scaled down incentive formula: ***$1,000*** for a used BEV and ***$700*** for a used PHEV from an authorized dealer or private seller, **(remaining battery life should be disclosed to the buyer at time of purchase).** EV incentives will be limited to one vehicle per household. Incentive amounts are subject to change. Qualified low-income families can be eligible for double the incentive amounts. See the EV Incentive Program Requirements for more details at:

[**https://www.mbard.org/electric-vehicle-incentive-program**](https://www.mbard.org/electric-vehicle-incentive-program)

The MBARD Board will consider grant awards based on staff recommendation for this year’s program at the September 21, 2022 Board Meeting. The meeting will be held at the District office located at 24580 Silver Cloud Court, Monterey, convening promptly at 1:30 PM.

**6. RESPONSIBILITIES OF GRANTEES**

AB2766 grants are reimbursement grants payable to Grantees for expenses incurred in accordance with signed grant Agreements. The terms and conditions of each Agreement vary, and include, but are not limited to the following:

* All other funding needed to implement the project shall be secured prior to Grantee signature on the Grant Acceptance Agreement.
* All expenditures for the project shall be incurred or invoiced after the start date and before the expiration date of the Grant Agreement.
* Unless requested by the Grantee and included in the grant Agreement, advance payments are not allowed.
* All grantees shall submit quarterly reimbursement requests throughout the project term along with a quarterly project progress report to receive payment for expenditures.
* Grant funds shall be disbursed to the agency signing the Agreement, or to other parties if requested by Grantee and so specified in the Agreement.
* Payment shall be within 30 days of District approval of a reimbursement request, unless otherwise specified in the Agreement.
* All expenditures shall occur within the terms of the project (two years or less), unless extended by the District Board. Extensions will only be recommended by staff if delay was beyond the control of the Grantee.

**7. EQUAL EMPLOYMENT OPPORTUNITY GUIDELINES**

All programs funded with AB 2766 funds must conform to the District’s Equal Employment Opportunity Guidelines, available from the District on request.

**8. APPLICATION AND INSTRUCTIONS**

Applicants may submit applications for more than one project, but each application should be for a single project type. (For example, do not combine a direct emissions project with a vehicle replacement incentive project). Applications must be completed and submitted in accordance with the instructions on this application packet. All applications must submit a cover letter from an authorized representative of the sponsoring public agency to Richard A. Stedman, District Air Pollution Control Officer along with the completed application.

The application should contain all the required format components and data as described in the application instructions. The data needed to estimate emissions reductions for each type of direct emission project needs to be entered into the ***Travel Activity Data Spreadsheet and must be included with the application***. **You may download the spreadsheet and the Clean Air Management Project application at:**

[**https://www.mbard.org/ab2766-motor-vehicle-emission-reduction-grants**](https://www.mbard.org/ab2766-motor-vehicle-emission-reduction-grants)

**Separate applications** **for the Clean Vehicle Program projects are also available on the District website:**

* **Public Agency EV Voucher:** [**https://www.mbard.org/ab2766-motor-vehicle-emission-reduction-grants**](https://www.mbard.org/ab2766-motor-vehicle-emission-reduction-grants)
* **General Public EV Incentive:** [**https://www.mbard.org/monterey-bay-electric-vehicle-incentive-program**](https://www.mbard.org/monterey-bay-electric-vehicle-incentive-program)

**The application must be submitted through the online application system.**

The final grant application should be complete including any maps or graphics and must be received at the District offices no later than:

***Friday June 17, 2022 at 4:00PM***

Only applications completed in accordance with the instructions in this packet will be considered eligible for review and grant funding.