



AB2766 EMISSIONS REDUCTION GRANT PROGRAMS GUIDELINES

For Fiscal Year:

July 1, 2024 to June 30, 2025

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I. INTRODUCTION

In 1990, Assembly Bill 2766 (AB2766) was passed to provide a revenue stream for programs that reduce air pollution from motor vehicles and for various functions to implement the California Clean Air Act. Since 1990, additional bills have been passed that expanded the scope and success of AB2766. These state statutes make up California Health and Safety Code §§44220 – 44244.1. The code authorizes 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 code requires that those AB2766 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 (CARB) 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 34 years ago, the MBARD Board of Directors has authorized \$40.4 million to over 613 projects in Monterey, San Benito, and Santa Cruz Counties. The following are current AB2766 motor vehicle emissions reduction programs:

- 1) **Clean Air Management Program** – These projects are identified as fixed assets for which travel activity data is available to calculate expected reductions in motor vehicle emissions. Eligible projects include bicycle infrastructure, vehicle charging infrastructure, and other projects which reduce vehicle miles traveled.
- 2) **Clean Vehicle Incentive Program** – Incentivizes public agencies and fleet owners/operators to replace light-, medium-, and heavy-duty internal combustion engine vehicles with zero-emission, battery-electric vehicles.
- 3) **Electric Vehicle Incentive Program** – Incentivizes residents within Monterey, San Benito, and Santa Cruz Counties to purchase or lease plug-in light-duty hybrid, battery-electric, or hydrogen fuel cell vehicles or motorcycles.

II. GRANT APPLICATION TIMELINE

TASK	DUE DATE
Staff posts announcement and application to District website.	May 1, 2024
All applications due no later than 5:00 pm.	July 3, 2024
Staff completes scoring and ranking of eligible applications. List of projects posted on MBARD website.	October 7, 2024
Grant award recommendations presented and announced at October 2024 Board meeting.	October 16, 2024

III. ELIGIBILITY

General Project Requirements:

- 1) Projects must comply with all terms and conditions in the FY 2024-25 guidelines.
- 2) Projects must reduce or enable the reduction of motor vehicle ozone precursor pollutants and particulate matter (10 microns in diameter or less).
- 3) Projects must be implemented within Monterey, San Benito, and/or Santa Cruz Counties.
- 4) Projects must meet all application eligibility criteria and qualify in one of the following categories:
 - a) **Clean Air Management Program (CAMP)** – Available for public agencies only. Projects in this category are scored based on calculated emissions reduced. A quantifiable cost-effectiveness (C/E) score for these projects is used to rank projects. C/E is expressed in dollars per unit of weight of pollutant reduced. Maximum project funding will be \$200,000.
 - b) **Clean Vehicles Program (CVP)**
 - i) **Medium-Duty and Heavy-Duty Vehicles** – Available for public agencies only. Recipients must replace a Medium or Heavy-Duty Fleet vehicle with a battery electric vehicle. Leveraging of other funds outside of the AB2766 program may be used to offset incremental project costs. A quantifiable cost-effectiveness (C/E) score for these projects is used to rank projects. C/E is expressed in dollars per unit of weight of pollutant reduced. Maximum project funding will be \$200,000.
 - ii) **Light-Duty Vehicles** – Available for public agencies and non-profit organizations only. Recipients must replace an existing fleet vehicle with a new battery-electric vehicle. Projects will not be ranked by C/E or total annual emission reduction, but instead will be awarded on the availability of program funds per individual county allocation. The incentive amount is \$20,000 for new vehicle purchases, and \$15,000 for used vehicle purchases.
 - c) **Electric Vehicle Incentive Program (EVIP)** – Available for residents only. Incentives are available to the general public (no public agencies or private businesses) and may be used to purchase or lease new light-duty hydrogen fuel cell, battery-electric vehicles (BEV), plug-in hybrid electric vehicles (PHEV), and fully electric motorcycles. Funding for used BEVs and PHEVs will also be available. An existing applicant 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.
- 5) Grant funds shall be allowed for project administration costs not to exceed 5% of the grant award pursuant to Health and Safety Code §44233.
- 6) The project term for all grants awarded shall not exceed two years. An extension may be granted by the Board. The Board reserves the right to approve any extension on a case-by-case basis.

- 7) Scoring of the projects' direct emission reduction will be done according to CARB/CMAQ methods. Ranking will be done according to a project's annual total emission reduction and by cost-effectiveness, expressed in dollars per unit of weight of pollutants reduced.
- 8) Applications for projects that do not have direct emission reduction benefits are not eligible for funding; this includes education, policy, and research projects.

IV. EVALUATING & RANKING GRANT APPLICATIONS

Applications for direct emissions reduction projects shall be evaluated in accordance with:

- 1) Methods to Find the Cost-Effectiveness of Funding Air Quality Projects (May 2005) and the supplemental Emission Factor Tables (December 2022):
<https://ww2.arb.ca.gov/resources/documents/congestion-mitigation-and-air-quality-improvement-cmaq-program>
- 2) 2017 Carl Moyer Program Guidelines and its latest updates:
<https://ww2.arb.ca.gov/our-work/programs/carl-moyer-memorial-air-quality-standards-attainment-program>

Applications shall be ranked by *a) highest cost-effectiveness (C/E)*, expressed in dollars per unit of weight; and *b) the total emissions reduction*, expressed in units of weight.

V. PROJECT SELECTION AND GRANT AWARD

1) Clean Air Management Program

MBARD staff evaluates all applications for eligibility, project scope, travel activity data, and other characteristics. Staff will post a list of all eligible projects for FY 2024-25 AB2766 grant funding on the MBARD website. Applicants must submit travel activity data for direct emission reduction projects. The Travel Activity Data spreadsheet is available for download on the MBARD website (<https://www.mbard.org/ab2766-motor-vehicle-emission-reduction-grants>).

2) Clean Vehicle Program

Incentives shall be subject to the existing funding allocations based on population per county. The incentive amount is \$20,000 for new vehicle purchases, and \$15,000 for used vehicle purchases. New vehicles may be purchased or leased (minimum of 3 years required). Local match funding shall be required on all public agency electric vehicle incentive program projects. Limited to one incentive per applicant. More than one may be approved on a case-by-case basis.

3) Electric Vehicle Incentive Program

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 2023-24 are:

Vehicle Type	New	Used
Hydrogen Fuel Cell	\$2,500	N/A
Battery Electric	\$1,500	\$1,000
Plug-In Hybrid	\$750	\$500
Electric Motorcycle	\$750	\$500

General public incentives apply to either purchase or lease (minimum of 24 months) of a new BEV or PHEV from an authorized dealer. Existing applicant 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 \$500 for a used PHEV from an authorized dealer or private seller. Remaining battery life should be disclosed to the buyer at time of purchase. Incentives will be limited to one vehicle per physical address. Incentive amounts are subject to change. Incentive amounts are doubled for qualified low-income applicants. A full description of requirements is available at: <https://www.mbard.org/electric-vehicle-incentive-program>.

The MBARD Board will consider grant awards for the Clean Air Management Program and the Clean Vehicle Program based on staff recommendations during the October 16, 2024, Board Meeting. The meeting will be held at the MBARD office located at 24580 Silver Cloud Court, Monterey at 1:30 pm.

In limited cases, the Air Pollution Control Officer may award a project a grant amount above the funding limits and exempt a project from other requirements of these guidelines.

VI. RESPONSIBILITIES OF GRANTEES

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

- 1) All funding needed to implement a project shall be secured prior to Grantee signing an Agreement.
- 2) All expenditures for the project shall be incurred after the start date and before the expiration date of the Agreement.
- 3) Unless requested by Grantee and included in the Agreement, advanced payments are not permitted.
- 4) Grantees shall submit quarterly reimbursement requests throughout the project term along with a quarterly project progress report to receive reimbursements for expenditures.
- 5) 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.
- 6) Payment shall be within 30 days of District approval of a reimbursement request, unless otherwise specified in the Agreement.

- 7) All expenditures shall occur within the term of the project (two years or less), unless extended by the District Board. Extensions will only be recommended by staff if delay was beyond Grantee’s control.

VII. EQUAL EMPLOYMENT OPPORTUNITY GUIDELINES

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

VIII. 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, or an electric vehicle project with electric vehicle charging infrastructure project. Applications must be completed and submitted in accordance with the instructions in the online application form.

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.

Applications and the Travel Activity Data Spreadsheet are available on MBARD’s website:

Clean Air Management Program & Travel Activity Data Spreadsheet	https://www.mbard.org/ab2766-motor-vehicle-emission-reduction-grants
Clean Vehicle Program	https://www.mbard.org/ab2766-motor-vehicle-emission-reduction-grants
Electric Vehicle Incentive Program	https://www.mbard.org/monterey-bay-electric-vehicle-incentive-program

The application must be submitted through the online application system. Only applications completed in accordance with the instructions in this packet will be considered eligible for review and grant funding.

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

FRIDAY July 3, 2024 @ 5:00 PM