



Mendocino County Air Quality Management District Carl Moyer Program Policies and Procedures Manual

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I. Background

Since its inception in 1998, the California Air Resources Board's (CARB) Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program or Moyer Program) (<https://ww2.arb.ca.gov/our-work/programs/carl-moyer-memorial-air-quality-standards-attainment-program>) has cost-effectively reduced smog-forming and toxic emissions by removing older, high-polluting engines that would have otherwise operated for years to come. becoming a model for similar initiatives at various governmental levels.

Authorized by the Health and Safety Code (Health & Saf. Code) § 44275 - 44299.2, the Carl Moyer Program operates statewide with implementation by California's 35 local air districts. Local oversight ensures that project emission reductions are surplus, enforceable, measurable, and permanent, and in alignment with the State Implementation Plan (SIP). The Moyer Program has successfully funded a wide breadth of project types including, but not limited to, off-road equipment, on-road light-duty and heavy-duty vehicles, marine vessels, infrastructure, and locomotive projects. Projects funded through the Moyer Program reduce criteria pollutant emissions, including oxides of nitrogen (NOx) and reactive organic gases (ROG) that contribute to ozone formation, as well as toxic particulate matter (PM). Programs like this are essential for meeting federal air quality standards and achieving reductions in air pollution, particularly in underserved communities, by providing support to low-income individuals, small businesses, and sources not governed by local or state regulations.

II. Purpose

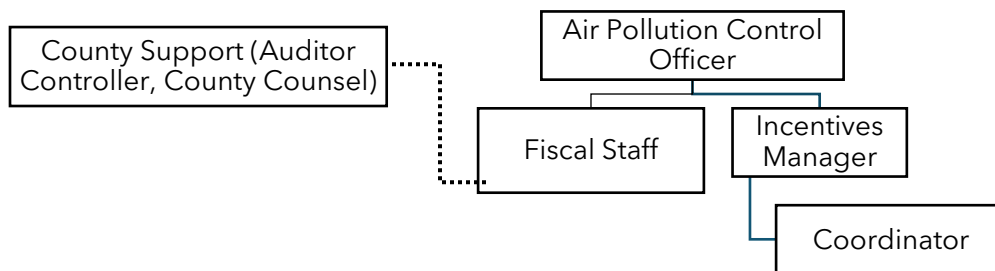
The purpose of the Mendocino County Air Quality Management District (District) Policy and Procedures (P&P) Manual is to offer staff guidance on implementing the Moyer Program. The air district's P&P do not replace the Moyer Program Guidelines (<https://ww2.arb.ca.gov/guidelines-carl-moyer>), rather they are intended to provide direction and procedures for the district's implementation of the Carl Moyer Program. This ensures there is consistent and fair day-to-day operation and decision-making in project selection, management, and tracking in order to meet the requirements of the Health and Safety Code, Moyer Program Guidelines, and CARB technical advisories. These P&Ps may change based on local needs, updates to the Health and Safety Code, the CARB's program guidelines, or technical advisories and clarifications issued by CARB. Air district staff should reference the Moyer Program Guidelines for detailed descriptions of CARB's Moyer Program procedures and requirements.

III. Moyer Program Implementation

The Moyer Program is a partnership between CARB and local administering air district(s). CARB provides overall guidance and oversight for the program, with the funding and the implementation of the projects conducted at the local air district level. The Moyer Program Guidelines and technical advisories serve as the minimum requirements that an air district must use to structure its local implementation of a Moyer Program. Air districts may elect to set local standards that are more stringent than those developed by CARB but in no case shall the district policies and procedures be less stringent than those established by CARB. Air districts may fund only those projects that meet the Moyer Program guidelines and eligibility criteria, or those projects approved on a case-by-case basis by CARB staff.

IV. Air District Roles and Responsibilities

Air district staff work directly and closely with their Moyer Program staff liaison to coordinate efforts to efficiently and properly administer the Moyer Program. The air district's Moyer Program structure is as follows.



Roles and general responsibilities for day-to-day operations of the air district's Moyer Program are listed in the table below.

Position	Role	Responsibilities
Air Pollution Control Officer	Executive Officer	Executes grant agreements. Approves disbursement of funds, yearly report, etc. Obtains governing board approval.
Chief Financial Officer	Funding	Manages grant fund accounts and drafts reimbursement checks.
District Counsel	Legal	Assist in compliance with legal requirements. Provide legal opinions and interpretation. Review and approve contract templates.

Supervisor/Manager	Manages	Provides final approval for projects to be contracted and claims to be reimbursed. Reviews yearly report. Directly communicates with CARB program managers
Air Quality Engineer or Specialist	Coordinator/Inspector	Contact for all stakeholders (e.g. applicants, grantees, dealers, etc.), Directly communicates with CARB Moyer Program liaison. Reviews applications; determine project eligibility performs incentive and cost-effectiveness calculations; performs outreach; drafts contracts; enters project information into the CARB's Clean Air Reporting Log (CARL); Drafts yearly report.

V. **CARB Moyer Program Grant Solicitation and Award Process**

Each year, CARB sends out a grant award solicitation packet to all of the 35 air districts, which includes application form and tentative awards for each air district. Tentative awards are determined in accordance with the formula identified in Health & Saf. Code § 44299.2. The formula provides a minimum allocation of \$200,000 to participating districts. Awards that exceed the minimum allocation of \$200,000 are calculated based on district population, severity of the air quality problems and the historical funding awards under the Moyer Program.

Air district are asked to complete and submit the included application form by the deadline stated in the solicitation packet. The approximate timeframe for when the grant award solicitation packet is sent to the air districts and subsequent program deadlines are outlined in Moyer Guidelines (2024 Moyer Guidelines, Chapter 3, Section I.C).

Final awards are determined by CARB following receipt of all air district applications. Once the final awards are determined, grant agreements are issued to the participating air districts, specifying the amount of the award including the administrative funding allocation, the required amount of match funds (if applicable), any Special Terms and Conditions, and General Terms and Conditions (GTC) for the grant. Air districts must submit their signed grant agreement by the

deadline stated in the accompanying cover letter. Grant agreements are fully executed, and funds are encumbered when signed by both the air district and CARB.

The air district may request an initial distribution of up to 10% of the air district's final allocation or \$200,000, whichever is greater, plus the awarded administrative funds. This air district may request additional disbursements if meeting criteria in the Moyer Guidelines (2024 Moyer Guidelines, Chapter 3, Section I.F). Following receipt of final grant agreement the air district may request fund disbursement. Additionally, to request fund disbursement the air district must certify that they are in good standing (i.e. Yearly Report submitted, P&P up to date) and have submitted the board resolution or minute order giving them permission to accept funding from CARB. The air district may use a blanket board resolution or minute order accepting funds for multiple specified years and allowing participation in the Moyer Program fundings (State Reserve, Rural Assistance, and Regular Moyer).

A. Air District Application Procedures

Air district procedures for applying to Moyer Program funding are as follows: When a funding cycle is announced, District staff shall review the applicable Carl Moyer Program Guidelines and solicitation materials to determine the District's eligibility, available funding allocation, application requirements, required local match, administrative funding, deadlines, and any applicable special conditions.

District staff shall prepare the required application and supporting documentation using the current CARB forms and procedures. The application shall identify the requested project funding, administrative funding, required match, and other information required by CARB. Staff shall also verify that the District can comply with the applicable Carl Moyer Program Guidelines and related CARB requirements.

Prior to submission, the application shall be reviewed by appropriate District management and, when required, presented to the Mendocino County Air Quality Management District Board of Directors for authorization. Board authorization shall be obtained in the form required by CARB, such as a resolution or minute order, authorizing the District to apply for, receive, and expend Carl Moyer Program funds and to comply with the applicable program requirements.

The Air Pollution Control Officer (APCO), or designee as authorized by the Board, shall submit the completed application and required supporting documentation to CARB by the applicable deadline. District staff shall retain copies of the submitted application, Board authorization, correspondence with CARB, and other supporting documentation in the District's grant records.

Following submission, District staff shall respond to requests from CARB for additional information or clarification and shall maintain communication with CARB regarding the status of the application and anticipated funding award.

B. Final Grant Award Agreement Procedure

After final grant award agreement is received by the air district: MCAQMD staff shall review the final grant award and Grant Agreement to verify the awarded project funding, administrative funding, required match, performance period, applicable special terms and conditions, reporting requirements, and other obligations imposed by CARB.

If required, the final grant award and Grant Agreement shall be presented to the Mendocino County Air Quality Management District Board of Directors for acceptance and authorization. The Board authorization shall provide the authority required for the District to accept and expend the funds and comply with the Carl Moyer Program requirements.

The APCO, or other District official authorized by the Board, shall execute the Grant Agreement and associated award documents on behalf of MCAQMD. Executed documents shall be returned to CARB within the timeframe specified by CARB.

Upon receipt of a fully executed Grant Agreement, District staff shall establish the grant in the District's financial and grant-tracking systems and maintain the executed agreement and associated documents in the official grant file. Staff shall distribute relevant information regarding funding amounts, project requirements, deadlines, and reporting obligations to appropriate District personnel.

District staff shall administer the grant in accordance with the executed Grant Agreement, the current Carl Moyer Program Guidelines, applicable CARB advisories and guidance, and applicable District and County fiscal and contracting procedures.

Any amendments, extensions, changes in scope, budget modifications, or other material changes requiring CARB approval shall be submitted to CARB in accordance with the Grant Agreement and applicable program requirements. District staff shall obtain any required Board authorization before executing amendments or taking other actions that exceed the authority previously granted by the Board.

C. Air District Grant Award Disbursement Request Process

Air district procedures for requesting Moyer Program funding are as follows: MCAQMD staff shall request disbursement of Carl Moyer Program funds from CARB

using the current CARB Grant Disbursement Request Form and any other documentation required by CARB.

Prior to submitting a disbursement request, District staff shall verify that the Grant Agreement has been fully executed and that all applicable conditions for disbursement have been satisfied. Staff shall also review the District's grant accounting records to determine the amount of funding needed and confirm that the requested amount is consistent with the approved grant budget and the Carl Moyer Program Guidelines.

The disbursement request shall be reviewed by appropriate District fiscal and program staff for accuracy and completeness. The request shall be signed by the District official authorized to request grant funds and shall be submitted to CARB in accordance with CARB's current procedures and applicable deadlines.

Upon receipt of the funds, District fiscal staff shall deposit and account for the funds in accordance with County and District fiscal procedures and shall maintain documentation supporting the receipt and expenditure of the funds.

District staff shall track expenditures against the approved grant budget and maintain adequate records demonstrating that Carl Moyer Program funds are used only for eligible purposes. Project expenditures and grant-funded activities shall be monitored to ensure compliance with the Grant Agreement, applicable Carl Moyer Program Guidelines, and CARB reporting requirements.

Additional disbursement requests shall be made as necessary and in accordance with CARB requirements. District staff shall monitor the timing of disbursements and expenditures to ensure that funds are liquidated within the applicable program deadlines and that required annual, final, and other reports are submitted to CARB in a timely manner.

All grant-related financial records, invoices, payment documentation, project records, correspondence, reports, and other supporting documentation shall be retained in accordance with applicable CARB, County, and District record-retention requirements.

VI. Air District Program Fiscal and Administration Fund Tracking

The County maintains the general ledger that tracks revenues, expenditures, and interest earned on its Moyer Program's administration funds and project funds.

The air district at minimum follows generally accepted accounting practices (GAAP) and accounting practices described in Moyer Program Guidelines (2024 Moyer Guidelines, Chapter 3, Sections I.L and I.M).

A. Calculation and Use of Interest Revenue

The air district's Moyer Program funds are held in an interest-bearing account, and interest earned by these funds are reported annually to CARB. The air district maintains accounting records in a database, which tracks earned interest accrued and expended. Interest calculation for all fiscal programs are performed by the District, and interest is reported on a quarterly basis. The air district uses the interest earned funds on eligible projects that meet the current Moyer Program Guidelines in accordance with the timelines in the Guidelines (2024 Guidelines, Chapter 3, Section I.Q.1). The air district may choose to allocate a portion of the earned interest earned for program administration (2024 Moyer Guidelines, Chapter 3, Section I.M.4).

B. Calculating and Recording Direct and Indirect costs

The air district's fiscal staff recording and calculate hours of staff time spent administering the grant, which is used to track the administrative costs, both direct and indirect, and are defined as follows:

1. Direct costs are related to direct project labor and expenses associated with project implementation, detailed in Chapter 3, Section I.L of the 2024 Moyer Guidelines.
2. Indirect costs of program implementation include outreach costs (Health & Saf. Code § 44290) and costs not directly or solely tied to a Moyer project, detailed further in Chapter 3, Section I.L of the 2024 Moyer Guidelines.

VII. Record Retention and Management

Air districts will make program administrative and project records, along with fiscal records available for review during CARB or other State agency monitoring visits, reviews and audits.

A. Record Retention

1. Fiscal Records

Program administrative and fiscal files are kept for at least five years after the funding liquidation deadline for that funding cycle has expired or the last recorded grant transaction for the funding cycle, whichever is later (2024 Moyer Guidelines, Chapter 3, Sections I.L.2 and I.M.8)

2. Applications

Applications for unfunded projects must be kept a minimum of two years following the solicitation period, or two years from receipt if

there is not a specified solicitation period (2024 Moyer Guidelines, Chapter 3, Section I.V.8).

3. Project Files

Project files are kept for at least three years after the expiration of the grant agreement or as required by the Moyer Guidelines, whichever is later (2024 Moyer Guidelines, Chapter 3, Section I.V.8).

B. Management - Recordkeeping System(s)

1. Fiscal Files

Air district administrative staff maintain all fiscal transaction records for the Moyer Program.

2. Applications

All unfunded project applications are retained as primarily electronic data files, with legacy hardcopy project folders kept in filing cabinets.

3. Project Files

All project files are primarily electronic data files, with legacy hardcopy project folders kept in the filing cabinets. Project files are set up and maintained by the air district's program staff. Each project file contains the application, project cost effectiveness and selection information, contract, inspection reports, photos, invoices, payment information, and annual monitoring reports. The air district also uses the digital file to store and retrieve digital photographs documenting project inspections captured with District-issued cell phone cameras.

4. Grantee/Project Tracking

In addition to utilizing the County's shared drive for program and project files, the air district uses Excel to track grantee information, funding, equipment and emission information for each project.

VIII. Solicitation, Outreach and Project Categories

A. Solicitation

Each year following execution of a grant agreement with CARB, the air district publishes a solicitation for grant applications, usually in the 2nd quarter of the fiscal year. Solicitation materials describe program objectives, potential funding amounts or percentages, eligibility requirements, and procedures for application including key dates and deadlines.

The air district utilizes one solicitation method:

1. First-come, First-served Solicitation qualified by cost-effectiveness under Program Guidelines

Each eligible project is ranked and funded according to emissions reductions achieved per dollar spent. If projects do not proceed with funding, the next eligible project on the approved list of projects will be contacted for interest in funding.

B. Outreach

The air district may budget up to 12.5% of the total annual Moyer program administrative allocation for air district outreach efforts.

The following section describes the air district's dedication to outreach efforts and the methods used by the air district to engage with local residents, disadvantaged and low-income communities, and small businesses:

1. Air district Moyer staff carry out outreach through public workshops and meetings, individual consultations, advertisements in newspapers and trade journals, direct mailings from the air district, the air district website, social media, and paid online ads
2. The air district keeps records of its outreach activities for each Moyer Program funding cycle in the program folder corresponding to that cycle.

C. Project Source Categories Identification

Each Moyer Program funding cycle, the air district selects project categories to focus on the air district's local needs and future state regulations that could impact funding. Zero-emission projects are prioritized when feasible during solicitation. The air district provide funding opportunities for the following project source categories/types:

1. Heavy-duty on-road vehicles
2. Off-road equipment
3. Marine vessels
4. Light-duty vehicles
5. Infrastructure
6. Agricultural Assistance Program

IX. Procedures for Project Application Review and Selection

All projects' applications must meet the minimum eligibility requirements as stated in the Moyer Program Guidelines and technical advisories, including

meeting the emission reduction and cost-effectiveness requirements of the Moyer Program as applicable.

A. Application Tracking

The air districts uses the CARL database and Excel to track submitted applications (2024 Moyer Guidelines, Chapter 3, Section V.4).

B. Application Review Process

All applications are reviewed by air district staff for completeness upon receipt and applicants are notified within 30 working days of receipt if the application is not complete (Health & Saf. Code § 44288(a)). The air district makes every effort to clearly state to the applicant what is required to make the application complete. Applicants are notified by letter of any deficiencies. The project selection is generally made by the air district staff within approximately 60 days.

The application and all correspondence with the applicant is kept in the applicant's project file, along with additional information related to the application review process such as the application review checklist.

C. Documentation

To ensure that potential selected projects are eligible and provide surplus emission reductions applicants are required to submit documentation showing the project meets minimum requirements of the source category (2024 Moyer Guidelines, Chapter 3, Section V.3):

- 1.** Documentation of historical vehicle, equipment, or engine usage. Types of acceptable historical usage documentation include maintenance logs, fuel logs, fuel purchase or consumption records, odometer or mileage records, engine or equipment hour-meter records, fleet utilization reports, daily or monthly operating logs, driver or operator logs, dispatch records, work orders, job tickets, service records, invoices, payroll or timekeeping records, electronic logging device records, GPS or fleet-tracking records, vehicle inspection records, registration or title records, fuel tax records, business or accounting records, and other documentation deemed acceptable by the District that reasonably demonstrates historical vehicle, equipment, or engine usage.
- 2.** Documentation of project costs;
- 3.** Engine or retrofit device Executive Orders, if applicable;
- 4.** Proof of vehicle compliance check as needed for on-road projects;

5. Other documentation identified in the source category chapter establishing historical annual

D. Air District Project Selection Criteria

Additionally, each project's rating and ranking as applicable, receipt date, and other project selection criteria must be recorded and maintained with the project file. The air district rating and ranking is based on the following criteria (*Note: The same process is used for selecting projects funded with Moyer Program match funds*):

1. Cost - Effectiveness

The air district uses the project's cost-effectiveness and award amount may be determined by District staff entering all pertinent application information including air district funding restrictions into CARB's CARL database.

If it is later determined that the project will not be funded with Moyer funds, District staff shall remove the project from the CARL database.

2. Communities Prioritization - Environmental Justice

The air district prioritizes funding for projects that reduce air pollution in communities with the highest exposure. CalEnviroScreen indicates that the air district contains both designated "Disadvantaged Communities," and "Low-Income Communities.

Districts with a population greater than one million must provide specific Moyer Program funding that targets environmental justice (EJ) communities (Health & Saf. Code § 43023.5)). The air district has a population of less than one million and whenever feasible prioritizes expending funds on environmental justice projects but is not required to meet requirement.

3. Small Business Projects

According to the Small Business Administration (SBA), a small business includes industry size, average number of employees within the last twelve months, organized for profit, identify annual number of receipts over time, has a physical location and operates within the United States. Independently owned and operated and is not dominant in its field on a national basis.

Any individual chapter within the 2024 Moyer Guidelines, that provides a small business definition regarding its respective source category supersedes this definition (2024 Moyer Guidelines, Chapter 3, Section III).

4. Zero Emission Technology and Vehicle Projects

The air district prioritizes zero emission projects over combustion projects whenever feasible and follows the minimum project eligibility criteria outline in 2024 Moyer Guidelines and other supporting documentation (e.g. 2024 FARMER Guidelines).

E. Notification Process

When a grant application has been deemed complete, meeting source category eligibility, and selected for an award air district staff will write an award letter to the applicant offering them the calculated award. Following mailing of the letter air district staff will follow-up with a phone call to confirm receipt of award letter and to go over program requirements and to schedule a pre-inspection.

Applicants that were not selected for a grant award will also be notified via letter.

X. Contract Requirements

The Air District will execute a contract with each grantee receiving Moyer Program, stating the grantee and the Air District as parties to the contract. All Moyer Program project contracts will include the elements described in 2024 Moyer Guidelines, Chapter 3, Section I.X. All executed project contracts and contract amendments are kept in the air district's project files.

An applicant is not guaranteed funding until a contract is executed. The air district will provide written authorization that proceeding in any work, such as receiving engines, equipment, or vehicles, or beginning work on a repower or retrofit project, prior to contract execution is at his or her own fiscal risk. (2024 Moyer Guidelines, Chapter 3, Section I.BB.4). Exceptions may be made infrastructure projects.

A. Contract Elements

All air district grantee contracts will include the following elements summarized below. (Note: A detailed description can be found in the 2024 Moyer Guidelines, Chapter 3, Section I.X):

1. Notices and Signatures

The air district will include in contracts the contact information for both parties, and how notices will be sent and received in a reasonable timeframe to move the project forward. The contract will also include a section for signatures and dates of signature or contract execution.

2. Funding Sources

Grantee certify, disclose, and notify the air district of any additional sources of funding received for the total cost of the project, including co-funding sources and sources after contract execution. The contract will include terms that prohibit the grantee from receiving grants and other funds that exceed the total project cost.

3. Contract Term

The contract will specify the time terms for project completion and project implementation and will contain project completion timeframe and project implementation timeframe.

4. Project Specifications

All contracts must include detailed information on the baseline and new vehicles, equipment, and/or engines that were used in the project cost-effectiveness calculation. This requirement may be met by including the project application as an attachment to the contract if the application is accurate and complete.

- a. The program may approve substitution of an eligible replacement vehicle, equipment and/or engine that is verified or certified to achieve equivalent or greater reductions than the original project replacement vehicle, equipment and/or engine may be substituted with prior approval of the air district.
- b. The air district will include in the contract an estimation of usage for the old equipment, in cases where 24 months of documented, verified historic usage is not available. The air district may estimate the usage of the old engine, and the

estimated usage must be included in the contract. Additional forms of estimation or documentation to verify historical annual usage will be subject to CARB's approval on a case-by-case basis.

- c. Contracts must also contain a statement of Compliance and/or Certification that the project complies with the Moyer Program Guidelines and that the grantee's fleet, engine(s), or equipment/vehicle is in compliance with all applicable federal, State, and local air quality rules and in effect at the time of contract execution, and that grantee will maintain compliance for the full contract term. For repower projects, a statement that installation of the engine will be completed in a manner that does not void the engine manufacturer warranty and any remaining warranty provided by the equipment manufacturer.
- d. Projects funded by the Moyer Program must be included when defining the size of the fleet for determining regulatory requirements.
- e. Throughout the contract term, projects funded by the Moyer Program must not be used to generate credits or compliance extensions and must be excluded when determining regulatory compliance.

5. Maintenance

All contracts must require the grantee to maintain the vehicle, equipment, engine, and/or funded infrastructure according to the manufacturer's specifications for the life of the project, including prohibition on engine tampering and maintaining a working hour meter (required for projects that have hours of operation usage requirement).

6. Payment

All contracts must include the following payment terms maximum contract amount and itemized invoices.

7. Reporting

All contracts must include a provision detailing annual reports submittal process including annual due date.

8. On-Site Inspections, Audits and Records

All contracts will include language that allows the air district, CARB, or their designee to conduct an inspection or audit of the project, including the engine, vehicle or equipment and associated records, during the contract term. Additionally, it will detail requirements for grantee to maintain and retain usage documentation for at least three years following end of contract.

9. Repercussions for Nonperformance

a. Failure of a project applicant or grant recipient to comply with the requirements of the Carl Moyer Program, the executed Grant Agreement, applicable CARB guidelines, or other applicable District requirements may result in corrective action or other remedies as specified in the Grant Agreement and applicable program requirements.

b. Depending on the nature and severity of the non-compliance, MCAQMD may require the recipient to correct the deficiency within a specified timeframe, withhold or delay payment, deny reimbursement for ineligible costs, reduce the grant award, terminate or cancel the Grant Agreement, require repayment or recapture of grant funds previously disbursed, and/or pursue any other remedy available under the Grant Agreement or applicable law.

c. If a project is not completed within the applicable project period, fails to meet required project milestones or performance requirements, is determined to be ineligible, or is otherwise unable to satisfy the requirements of the Carl Moyer Program, MCAQMD may terminate the project and require the return of grant funds to the extent required by the Grant Agreement or applicable CARB requirements.

d. MCAQMD shall provide the grant recipient with written notice of material non-compliance and, when appropriate, an opportunity to cure the deficiency before taking further action. The District may require repayment of funds when project costs or activities are determined to be ineligible or when funds were disbursed contrary to the terms of the Grant Agreement.

e. Any repayment or recapture of funds shall be documented in the project file and handled in accordance with the applicable Grant Agreement, Carl Moyer Program Guidelines, CARB requirements, and County fiscal procedures.

10. Contract Amendments and Project Memos

a. Contract Amendment: After a contract is fully executed, there may be a change in the scope or parameters of the project. A contract

amendment may be executed if the technical terms of a project are modified, such as the type or model of an engine, or if project parameters are modified which affect the funding amount and/or emission reductions, or for instances where the milestone due dates require revisions.

- b. Project Memos:** Project file memos provide a means to explain discrepancies, clarify missing information, changes in policy, reasons for actions taken, report on challenges (e.g., obtaining late annual reports) add explanations to existing records, contributing to a complete history and documentation trail that can be referenced later by staff.

XI. Invoicing and Payment

The air district will make payment for a project or equipment within 45 days of project completion, the air district's post-inspection, and receiving the grantees complete invoice package. Payments will be made directly to the grantee unless otherwise specified in air district's contract with the grantee.

The grantees invoice package documents all equipment purchased with grant funds and associated eligible project costs that have been expended in compliance with the project description and schedule, and other sources and amounts of funding for the project are reviewed to ensure the sum of all project funds does not exceed the total project cost.

XII. Project Inspections

Project inspections may be conducted in-person or remotely.

A. Types of Inspection

- 1. Pre-inspection:** Prior to contract execution, a pre-inspection of the baseline engine, equipment, or vehicle must be completed to confirm project eligibility. All projects must be pre-inspected by air district staff prior to executing a contract to verify equipment information in the grant application, except when the inspection is remote, conducted by an authorized third party, and/or public agency (2024 Guidelines, Chapter 3, Section I.Z.1).
- 2. Post-inspection:** District staff conducts a post-inspection after completion of the project, to verify that the equipment identified for funding in the contract agreement has been purchased and installed and is operating properly, that replaced equipment is no longer operable, and that the completed project is consistent with the

project scope in the contract and the invoice submitted by the grantee (2024 Guidelines, Chapter 3, Section I.AA).

B. Inspection Documentation

Inspection form documentation includes at a minimum all information described in 2024 Guidelines, Chapter 3, Section I.Z.2 and AA.1:

1. Name of inspector;
2. Date of inspection;
3. Name and contact information about engine or equipment owner;
4. Location of the engine or equipment;
5. Engine, vehicle, or equipment information;
6. Usage;
7. Operation verification; and
8. Photos and videos (for remote inspections)

Photo documentation of the engine, vehicle, or equipment information should be legible and clearly labeled to what was photographed. The photos must include the legible serial number of the engine (if available) and/or any other identifying markings. Copies of all documentation media are saved electronically in corresponding project file(s).

C. Remote Inspections

For remote inspections the grantee, dealer, or equivalent live streams a video inspection to the air district to verify that the vehicle or equipment and engine or powertrain is operational, and then subsequently submits to the air district required photographs that accurately represents and authenticates the vehicle or equipment, and engine or powertrain live streamed during video inspection. The live video streaming must be done through an application (i.e. Zoom, Microsoft Teams, etc.) that is free for the air districts to access and compatible with all operating systems of the air district that it is performed for (2024 Guidelines, Chapter 3, Section I.Y).

D. Verification of Destruction

Air district staff verify that the baseline (old) engine and associated vehicle or equipment are destroyed and rendered permanently inoperable, irreparable and permanently removed from service during post-inspection. Proof of destruction is provided through photographic or video evidence that the destroyed engine serial number or uniquely identifiable marking matches that of the pre-inspected baseline (old) engine and associated vehicle or equipment (2024 Guidelines, Chapter 3, Section I. AA.4).

XIII. Grantee Annual Reporting and Project Auditing

A. Grantee Annual Reporting

Air district staff will send reminder notifications to grantees during the month before annual reports are due. Grantees are required to submit annual reports to the air district within 18 months of post-inspection and annually thereafter for the term of the contract(2024 Guidelines, Chapter 3, Section I.CC.1). The air district will review the electronic or hard copy annual report for completeness, accuracy, and reported usage, and will maintain in the project file a copy of the report that is initialed and dated by the reviewing air district staff.

Annual reports will include the following information (2024 Guidelines, Chapter 3, Section I.CC. 2):

1. Grantee name, address, email address and telephone number;
2. Information needed to uniquely identify the project's equipment, such as make, model, horsepower, and serial number;
3. Readings of the usage device (e.g., hour meter, odometer, or electronic monitoring unit);
4. Description of reason(s) for not meeting usage requirements. The air district grantee must describe any conditions (e.g. weather, permits, or major maintenance) that are to affect affected project usage.

B. Auditing Projects

The air district conducts project audits of five percent of active projects or 20 active projects (whichever is less) on an annual basis the air district audits. Any projects determined to have unsatisfactory annual reporting will be consciously included projects to be audited. Air district audits include an in-person or remote inspection performed by staff verifying that the project (e.g. engines, equipment, and emission control devices) paid for are still owned by grantee named in the contract, is still operational, and meets the contracted requirements (e.g. mileage requirement, fuel usage, or hours of operation) in the executed contract or referenced in the application (for projects without usage in contract) (2024 Guidelines, Chapter 3, Section I. DD).

C. Unsatisfactory Annual Report

If an annual report is incomplete, inaccurate or not received from the air district grantee on schedule, the air district will make a reasonable attempt to obtain a complete and accurate report from the air district grantee. If the air district is unable to obtain the report, the air district will identify the project for audit, and

the grantee will not be granted funds for new Moyer Program projects until all reports are satisfactorily submitted (2024 Guidelines, Chapter 3, Section I.CC.3 through 5).

XIV. Project Compliance

If the grantee is not able to meet the program requirements (e.g., annual reporting, emission benefits, etc.) or terms specified in a contract, the air district may consider the following options to remedy the violation before seeking enforcement action (2024 Guidelines, Chapter 3, Section I.EE.2):

1. Extend contract

- Extend the project or contract term when appropriate and consistent with applicable program requirements to allow the grantee additional time to fulfill outstanding obligations.

2. Transfer ownership

- Allow or require transfer of ownership of the funded vehicle, equipment, or engine to another eligible entity when appropriate to preserve the project's intended emission reduction benefits and comply with program requirements.

3. Recalculate cost-effectiveness

- Recalculate the project's cost-effectiveness or award amount when actual project circumstances differ from those upon which the original award was based.

4. Provide waiver

- Grant a waiver of an applicable requirement when permitted under the Carl Moyer Program Guidelines and when the circumstances warrant such action.

5. Recapture (return) funds

- Require the grantee to return or repay all or a portion of previously disbursed grant funds when other remedies are insufficient or when required due to project non-compliance, ineligibility, or failure to achieve required project benefits.

The remedy selected shall be based on the nature and severity of the violation, the circumstances contributing to the non-compliance, the feasibility of correcting the deficiency, and the applicable Carl Moyer Program requirements and Grant Agreement. MCAQMD shall document any corrective action, remedy, waiver, contract modification, or fund recapture in the project file.

