

PLACER COUNTY AIR POLLUTION CONTROL DISTRICT
Off-Road Equipment Replacement Program

The Off-Road Equipment Replacement Program (Off-Road Program) reduces emissions by replacing existing, high polluting equipment with newer, cleaner equipment earlier than would have been expected through normal attrition. Carl Moyer Program (CMP) funds may be used to offset part of the cost of the replacement equipment. The California Air Resources Board (CARB) established this program in 2008 because, for some equipment, replacing the engine only (i.e., repowering) is not possible and for other equipment, the diminished value of the existing equipment may not justify investing significant funds for engine replacement. Below is a description of the Placer County Air Pollution Control District's (District) Off-Road Program. The District's Off-Road Program is not all inclusive of the CMP guidelines and requirements. For a complete list and description of program requirements please refer to the CMP guidelines provided on the District's website at www.placerair.org.

I. Projects Eligible for Funding

A. Equipment Replacement projects must meet the following general eligibility requirements:

1. Small fleets, as defined by ARB's Off-Road Regulation are eligible to apply. Large and medium fleets are no longer eligible.
2. Eligible projects are those in which new equipment having the most recent Model Year California (CA) emission standard engine, 25 horsepower (hp) or larger, replaces an uncontrolled (Tier 0), Tier 1, 2, or 3 fully functional piece of self-propelled off-road equipment that is to be scrapped.
3. The emission reductions from the project must not be required by any local, State, and/or federal rule, regulation, or other legally binding requirement.
4. Equipment purchased, ordered, or contracted to be built before a grant contract is fully executed is not eligible for funding.
5. Applicants that do not provide credible records to document the previous two (2) year's amount of historical operation in Placer County are not eligible for funding.
6. All projects must achieve cost-effectiveness as described in the District's Policy and Procedures Manual. Pollutants included in the cost-effectiveness calculation are NO_x (nitrogen oxides), ROG (reactive organic gases) and diesel PM (particulate matter). PM is weighted by a factor of 20; (NO_x + ROG + 20*PM). District staff will calculate cost-effectiveness using the average of two (2) recent years of documented equipment usage.

II. Maximum Eligible Funding Amounts

- A. New or used equipment purchases are eligible for up to 80% of the total equipment purchase.
- B. VDECS are eligible for up to 100% of the total cost, including all filters and maintenance of the filters needed during the project life.

III. Equipment Requirements

A. Existing (Old) Equipment Requirements

1. The existing equipment must have an operational Tier 0, 1, 2, or 3 engine in it.
2. The applicant must have owned and operated the existing equipment in California for the previous two (2) years. The applicant must provide the following documentation:

- a. Bill of sale for the existing equipment and
 - b. Two (2) years of documentation for at least one (1) item in the following list. If a bill of sale cannot be provided, two (2) items from the following list may be submitted in substitution:
 - i. Tax depreciation logs
 - ii. Property tax records
 - iii. Equipment insurance records
 - iv. Bank appraisals for equipment
 - v. Maintenance/service records
 - vi. General ledgers
 - vii. Fuel records specific to the existing equipment (to be used as evidence of CA residency the fuel records must also identify the equipment owner)
 - viii. Other documentation approved by CARB
3. Applicants must provide documentation that demonstrates that the equipment was in operation for the previous two years and that the equipment operated in California for at least 95% of the time and 75% of the time in Placer County. In some instances where projects do not meet the 75% total historical usage in Placer County, the APCO shall have the discretion of allowing a project to be considered for funding and shall also provide direction on what level of usage shall be used in order to evaluate the project for emission reductions. Acceptable documents include. Usage from this documentation will be used to calculate the cost-effectiveness of the project. The applicant must provide at least one (1) of the following types of documentation:
- a. Hour meter reading log collected, at minimum of once per year, from an installed and fully functioning hour meter or historical fuel usage documentation specific for the existing equipment. Documentation must include fuel logs, purchase receipts, or ledger entries, and
 - b. At least one (1) item from the following list:
 - i. Revenue and usage records that identify operational, standby, and down hours for the equipment
 - ii. Employee timesheets linked to specific equipment use
 - iii. Preventative maintenance records tied to specific hours of equipment use
 - iv. Repair work orders specific to the equipment
 - v. Six (6) months of tracking normal equipment usage with a functional, tamper proof hour meter with prior District approval
 - vi. Other documentation approved by CARB
4. The replacement of two (2) (or more) pieces of existing, like equipment with one (1) piece of replacement equipment is eligible to be considered for funding. Program participants will need approval to submit a two-for-one project prior to submitting their application to the District for review. Each piece of existing and replacement equipment must comply with all

of the appropriate criteria. The replacement equipment must execute the same job as the existing two pieces of equipment. For the baseline cost-effectiveness calculation, the annual emissions of the two (2) pieces of existing equipment are summed. For the replacement equipment cost-effectiveness calculation, the usage of the two (2) pieces of existing equipment is summed for the replacement equipment usage.

B. Replacement Equipment Requirements

1. Replacement equipment must be purchased from a California dealership or private party located in California. Pending preapproval from the District, dealers and private parties located within the Reno, Nevada area may be used.
2. The replacement equipment must have an engine meeting the most recent Model Year CA emission standard. If a specific piece of equipment cannot be purchased with an engine meeting the most recent Model Year CA emission standard at the time the District obligates funds, then equipment with an engine meeting the previous Model Year CA emission standard may be purchased. Documentation from the equipment manufacturer that equipment with an engine meeting the current Model Year CA emission standard is unavailable must be provided to the District. Used equipment meeting the most recent Model Year CA emission standard qualifies as new equipment if sold by a Dealership with the required warranties and documentation of how the price was depreciated to account for the used condition and the number of operational hours accumulated since new.
 - a. The certification emission standard and/or Tier designation for the engine must be determined from the CARB Executive Order issued for that engine which may be found at <http://www.CARB.ca.gov/msprog/offroad/cert/cert.php>.
3. The replacement equipment must serve the same function and perform the same work equivalent as the existing equipment (i.e. replacement of an agricultural tractor with another agricultural tractor). This requirement may be waived by the District with approval from CARB for instances where general purpose farming equipment changes commodities.
4. Only the minimum attachments normally sold with the original equipment, as determined by the District, are eligible for funding on the replacement equipment. Incentive funding can only be used to pay for items essential to the operation of the equipment.
5. The hp rating for the replacement equipment engine must not be greater than 125% of the original manufacturer rated hp (baseline hp) for the lowest hp of the existing equipment engine unless a higher hp rating is approved on a case by case basis by district staff. For existing equipment in which the actual engine hp cannot be determined, hp can be calculated by multiplying the power take-off by 120%.
6. Purchasers of new or used compression ignition (CI) equipment must purchase a minimum of a one-year or 1600-hour power and drive train warranty for the replacement equipment. The warranty must cover parts and labor. Warranty documentation must be provided to the District. Warranty costs are not eligible for funding. The District may waive this requirement if they have provided CARB a satisfactory plan to ensure that funded equipment will be maintained and operated as if under warranty.
7. No funds will be issued for maintenance or repairs related to the operation of the equipment. The Program Participant takes sole responsibility for ensuring that the equipment is in operational condition throughout the agreement period.

8. Future annual hours of equipment operation must be based only on readings from an installed and fully operational hour meter. If during the project life the hour meter fails for any reason, the hour meter must be repaired or replaced as soon as possible at the owner's expense. The hour meter must stay in operation on the replacement equipment for the project life.

IV. Existing Equipment Destruction Requirements

- A. Equipment salvage yards must enter into a contract with the District to qualify for participation. Contracts will be made available on the District's website.
- B. Contracted salvage yard(s) must:
 1. Destroy the existing equipment and engine within 60 days of receipt of the existing equipment in accordance with the program guidelines.
 2. If the salvage yard conducts the inspection then the yard must provide the District with all photographs and information required under the District's salvage inspection requirements per Section IV.D. below within ten business days of salvaging the existing equipment.
- B. Salvage yard and equipment destruction requirements:
 1. Destruction of the equipment may occur either at a District approved salvage yard or another facility in conjunction with an District salvage inspection. If destruction occurs somewhere other than an approved salvage yard, then preapproval from the District will be required.
 2. A salvage inspection of the existing equipment must be performed either by District staff or a contracted salvage yard.
 3. If the District performs its own salvage inspection then District staff must be notified within 10 days of destruction so that a salvage inspection can occur.
 4. Salvage inspections of the existing equipment must be completed prior to disbursement of funds.
 5. Funding is not available for the salvage of any existing equipment.
 6. The existing equipment salvage value will be negotiated between the applicant, the dealership, and/or the salvage yard.
 7. Both the existing engine and equipment must be destroyed as described below. The destruction method of the equipment will vary depending on the structure of the equipment:
 - a. Equipment with permanent frame rails running the length of the equipment: complete cuts of both frame rails between the front and rear axles.
 - b. Equipment with removable/bolt-on frame rails: structural damage, with cuts or otherwise, that renders the main body of the equipment inoperable and unrepairable.
 - c. Equipment without frame rails: structural damage, with cuts or otherwise, that renders the main body of the equipment inoperable and unrepairable.
 - d. Articulated equipment: damage, cuts or otherwise, to the articulation joints of front and rear halves of the equipment so that neither half can be joined.

- e. Engine blocks must be destroyed as described below:
 - i. A hole in the engine block with a diameter of at least three inches at the narrowest point. The hole must be irregular shaped.
 - ii. 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.
- f. Other equivalent methods of destruction are acceptable if approved by the District.

C. Salvage inspection requirements:

1. For each project, provide the following information:
 - a. Make
 - b. Model
 - c. Model year
 - d. Equipment serial number
 - e. Engine make
 - f. Engine serial number
 - g. Delivery date of the existing equipment
2. Submit a completed certificate of equipment destruction or other similarly approved documentation to the District.
3. Salvage inspections must include clear photographs of the following views:
 - a. DOORS EIN (if applicable)
 - b. Equipment serial number
 - c. Engine serial number either stamped on the block or on the tag
 - d. Destroyed engine block
 - e. Cut structural components
 - f. Other views dependent on the method of equipment destruction

V. District Administrative Requirements

- A. District staff will implement the Off-Road Program using the following administrative procedures:
 1. The District's solicitation process will solicit applications for off-road equipment replacement projects along with the other CMP categories listed in the District's Policies and Procedures Manual. Each application will be evaluated and in accordance with the District's Policies and Procedures Manual.
 2. District technical staff may develop additional forms if necessary to collect all information, records, and price quotes necessary to evaluate the proposal and to populate the data fields in CARB's Clean Air Reporting Log (CARL) database.
 3. District technical staff will evaluate each proposal to verify the eligibility and cost-effectiveness in accordance with the CMP Guidelines. As part of the evaluation, staff will conduct a pre-inspection of the existing equipment. The Pre/Post-Inspection Form will be

used.

4. After receipt of a tentative award letter, the program participant will schedule a time and place for the District to pre-inspect and to verify the identity, operation, and condition of the existing equipment.
5. A grant contract will be executed between the District and program participant for each off-road equipment replacement project that competes successfully in the solicitation process and is approved by the District Air Pollution Control Officer for funding. The scope of work in the grant contract will include, at a minimum:
 - a. The equipment type to be purchased
 - b. Requirements of destruction for the replaced equipment
 - c. Minimum annual hours of operation
 - d. Project and contract term, in years
 - e. Monitoring report frequency and requirements
 - f. Record keeping requirements
 - g. Repercussions for program participant nonperformance.
 - i. Contracts shall specify that by executing the contract, the grantee understands and agrees to operate the vehicle, equipment, and/or engine according to the terms of the contract and to cooperate with the District and ARB in implementation, monitoring, enforcement, and other efforts to assure the emission benefits are real, quantifiable, surplus, and enforceable.
 - ii. The contract shall describe the repercussions for noncompliance with contract requirements, including but not limited to cancelling the contract and recapturing project funds in proportion to any loss of emission reductions or underutilization as agreed to in the contract (H&SC § 44291(c)).
 - iii. The contract shall inform the grantee that ARB and the District have the authority to seek any remedies available under the law for noncompliance with Moyer Program requirements and nonperformance with the contract.
 - iv. The contract shall state that ARB, as an intended third party beneficiary, reserves the right to enforce the terms of the contract at any time during the contract term to ensure emission reductions are obtained.
6. Replacement equipment must be purchased from a California dealership or private party located in California. Pending preapproval from the District, dealers and private parties located within the Reno, Nevada area may be used.
7. Upon delivery of the new equipment to the dealership, District technical staff will conduct a post-inspection. A Pre/Post-Inspection Form will be used and digital photos will be taken to verify equipment information. Photos and inspection reports will be stored in the applicant's hard copy contract folder as well as digitally (.jpeg file format). The dealership shall not deliver the new equipment to the program participant until the post-inspection is complete.
8. After District staff approves the post-inspection of the new equipment the dealership may deliver the new equipment to the program participant. The existing equipment must be

destroyed and the destruction verified within sixty (60) days after program participant's receipt of new equipment.

9. District staff will conduct salvage inspections of the replaced equipment within 60 days after the participant has received receipt of the equipment, unless an approved salvage yard conducts the inspection at the Districts request.
10. Payment to the program participant will be processed within 30 days (less 10%¹) once the District confirms the following information:
 - a. Approved destruction of existing equipment
 - b. Approved pre-inspection
 - c. Approved post-inspection
 - d. Approved invoice
 - e. Financing terms (if applicable)
 - f. Confirmed submittal of a W-9
 - g. District listed as additional insured
10. If a dealership or salvage yard is identified to be in non-conformance with the requirements outlined in this document or within the Carl Moyer Program Guidelines, then it may have the potential to impact the program participant's off-road equipment replacement project, including but not limited to a delay in project funding. In cases where District staff cannot reconcile a non-conformance issue with a dealer or salvage yard, then the District may request assistance from the ARB in order to resolve the matter.

VI. Dealership (and private party sellers) Requirements

- A. Dealerships have the option of entering into an agreement with the District. Agreements can be found on the District's website. Whether the dealership enters into an agreement or not, dealerships are still obligated to follow the Carl Moyer Guidelines and the requirements outlined within this document.
- B. Unless otherwise indicated, the dealership must meet each requirement before the District will be obligated to release the incentive funds to the program participant. The District will provide all necessary forms. The dealership agrees to do the following:
 1. Dealers and private parties selling the replacement equipment must be located within California. Pending preapproval from the District, dealers and private parties located within the Reno, Nevada area may be used.
 2. Assist in providing basic information to applicants about the equipment replacement program, when applicable.
 3. Help applicants correctly complete the application, when applicable. It is important to make sure that all information is filled out correctly and that the applicant understands the CMP and the meaning of the Grant Contract.
 4. Information necessary for preliminary evaluation of an equipment replacement project

¹ A 10% hold back of awarded grant funds is retained by the District until the first year monitoring report is received and approved.

includes, but is not limited to, the following:

- a. Price quote and description and specifications of the proposed new equipment including year, model, power rating, CARB Engine Family Number, and a list of included attachments and accessories.
 - b. If a VDECS is included, specifications of the VDECS to be installed on the equipment including: make, model, a price quote that will be valid at the time the VDECS is installed, warrantee information, and identification of the installer.
 - c. Documentation of replacement equipment warranty.
 - d. Information on replacement equipment financing, if applicants request to finance their portion of the cost of the equipment.
 - e. Executive Order for new engine.
 - f. The Dealership may assist the applicant with the remaining application sections, including description and specifications of the existing equipment including year, model, power rating, a list of included attachments and accessories, serial numbers of the equipment and engine, and credible records of the previous two (2) years of ownership, operation and amount of usage in Placer County.
5. After the grant contract is executed, the dealership, at the request of the program participant, will order the replacement equipment and have it delivered to the dealership.
 6. Before delivering the replacement equipment to the program participant, the dealership (or private party selling the equipment) will schedule a time and place for District staff to inspect and to verify the identity, operation, and condition of the replacement equipment. The dealership may not deliver the replacement equipment to the program participant until the District staff inspects the replacement equipment and verifies that it is eligible for funding.
 7. The dealership or program participant shall submit copies of itemized invoices, warranty information, salvage certification, and financing information, prior to the District issuing payment for the grant.
 8. The dealership will use only Original Equipment Manufacturer (OEM) certified parts for any repairs to any engine or equipment covered under the District Program.
 9. If, upon post-inspection, it is found that the equipment delivered to the dealership does not meet the specifications as outlined in the program participant's awarded grant contract, then the District will need to evaluate whether the delivered piece of equipment may still be considered for funding and at what level of funding it may continue to be eligible for.