

Review of equipment project applications

The local agency shall review equipment project applications for eligibility and content, including whether an application is submitted in good faith, credible, or in compliance with the Program Guidelines.

At minimum, the local agency review of equipment project applications shall include:

- Assignment of a unique equipment project number for tracking purposes as specified by ARB staff.
- Verification of the equipment owner's eligibility to participate in the Program.
- Verification that the proposed equipment project is consistent with the Guidelines.
- Determination that all data and information necessary to calculate benefits and costs consistent with approved ARB methods are included.

Competitive ranking and selection of equipment projects

Local agencies shall use a quantitative approach to develop a competitively ranked list of eligible equipment projects. This process will be applied to competing equipment projects within each trade corridor, source category, and funding category. The following procedures for local agencies to rank and select equipment projects are based on the quantitative process ARB will use to competitively rank and select local agency projects. Chapter II.D.6 provides additional explanation of the elements of this process and Figure 1 in that section illustrates how the competitive process works.

The competitive ranking shall be quantitative based on multiple factors – emission reductions and a measure of cost-effectiveness that considers match funding. The calculation of emission reductions uses the Carl Moyer program protocol of weighting combustion PM emissions (essentially diesel PM) by a factor of 20 relative to other pollutants to account for the greater health impacts of PM per ton of emissions. This protocol helps target Program funding to the projects that will achieve the greatest reduction in health risk.

The local agency shall publish the list of competitively ranked projects on the agency website and provide a link to ARB's Program website.

- a) Emission reduction score

For each equipment project within a source category, the local agency shall review the equipment owner's estimate of the total pollutant-weighted emission reductions in California, over the project life, based on the Project Benefits Calculator.

Emission reductions = Reduction in NO_x + (combustion PM x 20) emissions in California over the project life in pounds

The local agency shall list all equipment projects within the same source category and eligible under the same local agency project grant agreement, in descending order of emission reductions, with the greatest emission reductions on top and the lowest emission reductions on the bottom. The agency shall number or score each project starting at the bottom with a score of 1 and continuing consecutively to the top project. For example, if there are 8 project proposals, the one with the greatest emission reductions would receive a score of 8.

Emission Reduction Score = number from above evaluation

b) Cost-effectiveness and match score

For each equipment project within a source category, the local agency staff shall review the equipment owner's estimate of the total pollutant-weighted emission reductions in pounds (as determined above), divided by the total State funding proposed for the project. Total State funding includes requested Program funds, plus any other State dollars – see discussion under Chapter II.D.5 Match Funding, on treatment of the \$2 vehicle registration fee surcharge under AB 923 as State dollars.

Cost-effectiveness and match = weighted emission reductions (lbs)/total State \$

The local agency shall list all equipment projects within the same source category and eligible under the same local agency project grant agreement, in descending order of emission reductions per State dollar, with the highest number on top and the lowest number on the bottom. The local agency shall number or score each project starting at the bottom with a score of 1 and continuing consecutively to the top project. For example, with 8 equipment project proposals, the one with the greatest emission reductions per State dollar would receive a score of 8.

Cost-Effectiveness and Match Score = number in above evaluation

c) Competitive ranking

The local agency shall add the Emission Reduction Score to the Cost-Effectiveness and Match Score to determine the final points for each equipment project. The agency shall rank equipment projects within the source category covered by the grant agreement from highest points to lowest points to create the competitive ranking list.

Note: eligible projects to upgrade switcher locomotives shall automatically be ranked above other types of competing locomotive equipment project options, consistent with the statutory direction to give funding priority to switchers.

d) Application of available funding

The local agency shall apply the available grant dollars (minus allowed administration funding) to the list of competitively ranked equipment projects within the source category. The local

agency shall award grant funds to the top project and continue down the competitive ranking list until the grant funds are exhausted.

e) Equipment project backup list

The local agency shall maintain an equipment project backup list comprised of the projects on the competitive ranking list that did not receive funding. Equipment projects on this backup list are available for Program funding, in the order established on the competitive ranking list, if additional funds become available. Funds may become available when an equipment project selected for funding doesn't pass the pre-inspection, when an equipment owner voluntarily withdraws from the Program prior to execution of an equipment project contract, or for other reasons.

As funding becomes available, local agency staff shall make a reasonable effort to contact the equipment owner with the top unfunded equipment project on the competitive ranking list to (a) determine if the owner is still interested in participating in the Program, and (b) obtain an updated signed equipment project application disclosure statement to verify that the equipment owner has not applied for Program funds elsewhere. If the local agency is unable to proceed with the top equipment project after a reasonable effort, the agency may proceed with the next equipment project on the backup list.