

# Clean Vehicles Program Guidelines

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## Clean Vehicles Program

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# Clean Vehicles Program Guidelines

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# Clean Vehicles Program Guidelines

## 1.0 General Information

### 1.1 Definitions

**Alternative Fuels:** Technologies and fuels such as natural gas, ethanol blends (higher than E10), biodiesel blends (B5 or higher blends), electricity, fuel cells, and hybrids (with a fuel economy improvement of at least 25% over the baseline nonhybrid model).

**Application:** The total packet of information required for an organization's funding request to be considered by the Clean Vehicles Program of the Houston-Galveston Area Council.

**California Air Resources Board (CARB):** The state agency in California with jurisdiction over outdoor air quality issues. California is the only state allowed to issue its own emissions standards under the federal Clean Air Act, subject to an EPA waiver. Other states can choose follow CARB or federal standards, but cannot set their own.

**Cost-Effectiveness Factor:** How efficient a project is at reducing a given pollutant; given in units of dollars/ton of pollutant reduced.

**Clean Vehicles Program:** Vehicle/equipment emissions reduction incentive program of the Houston-Galveston Area Council.

**Conformity:** Governmental process whereby it is assured that transportation plans do not undermine air quality goals.

**Diesel-Based Project:** Project in which the baseline vehicle/equipment under consideration for retrofit or replacement is powered by diesel.

**EPA:** United States Environmental Protection Agency, the federal agency with jurisdiction over outdoor air quality issues.

**Funding Source:** Granting organization from which monies for the Clean Vehicles Program are received.

**Funding Type:** Monies received from a grantor, which may be allocated to CFA(s) according to grantor preferences and/or by preset allotment schedules; may or may not carry eligibility/evaluation criteria beyond the basic program criteria listed in this document.

**Houston-Galveston-Brazoria Nonattainment Area (Nonattainment Area):** As originally defined by the EPA, this region included the eight counties of Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller, which then were not in compliance with the National Ambient Air Quality Standard for ozone. The EPA may add or drop more local counties depending upon its periodic assessment of their current ozone emission status.

**Nonattainment Area:** Any region designated by the EPA as not complying with one or more National Ambient Air Quality Standards; "Nonattainment Area" as shown in these guidelines refers to the Houston-Galveston-Brazoria Nonattainment Area.

**NOx:** Nitrogen oxide pollutants, precursors of ozone.

**On-Road:** Road-legal mobile vehicles such as buses, trucks, cars, etc.

**Off-Road:** Mobile vehicles and equipment which are generally used on unpaved surfaces, such as construction equipment, lawn mowers, etc.

**Ozone (O<sub>3</sub>):** Ground-level pollutant formed in the atmosphere through a photochemical reaction between NO<sub>x</sub> and VOCs.

**PM:** Particulate matter (soot) pollutants which are small in size and may be harmful to human health.

**State Implementation Plan:** Details how the region plans to achieve attainment status for ozone.

**Texas Commission on Environmental Quality:** State agency with jurisdiction over outdoor air quality issues

**VOCs:** Volatile organic compound pollutants; precursors of ozone.

## 1.2 Regional Air Quality

Presently, the United States Environmental Protection Agency (EPA) classifies the Houston-Galveston-Brazoria region as in “severe” nonattainment of the federal ground-level ozone standard. This means that our air contains unhealthy levels of ozone pollution multiple times throughout the year. According to the EPA, “Numerous scientific studies have linked ground-level ozone exposure to a variety of problems, including:

- Lung irritation that can cause inflammation much like a sunburn;
- Wheezing, coughing, pain when taking a deep breath, and breathing difficulties during exercise or outdoor activities;
- Permanent lung damage to those with repeated exposure to ozone pollution; and
- Aggravated asthma, reduced lung capacity, and increased susceptibility to respiratory illnesses like pneumonia and bronchitis.”<sup>1</sup>

Ozone (O<sub>3</sub>) is produced through a photochemical (sunlight enhanced) reaction between nitrogen oxides (NO<sub>x</sub>) and volatile organic compounds (VOCs) in warm temperatures. Both NO<sub>x</sub> and VOCs can be emitted by vehicles and equipment powered by petroleum products. In general, NO<sub>x</sub> is emitted in higher quantities from diesel-powered engines, while VOCs are emitted in higher quantities from gasoline-powered engines.

In accordance with the federal Clean Air Act, the Texas Commission on Environmental Quality has submitted a legally binding State Implementation Plan describing how our region (and other nonattainment areas in Texas) will reduce ozone pollution to safer levels.

Additionally, the Clean Air Act mandates that regional transportation plans must demonstrate “conformity” in the nonattainment areas. Conformity is a process designed to ensure that transportation projects do not undermine air quality goals by inadvertently promoting strategies that will result in increasing vehicle emissions. Transportation projects cannot be approved, funded, or implemented without a conforming transportation plan.

Finally, it is important to note that ozone is not the region’s only air quality problem. Concerns have been raised regarding the levels of particulate matter (PM) and airborne toxics (such as benzene, 1,3-butadiene, trichloroethylene, and hydrochloric acid) in our region, which have been measured at unhealthy concentrations in localized areas. PM and airborne toxics can cause serious health problems (including cancer), and both types of pollution are usually emitted by on-road vehicles and off-road equipment powered by petroleum products. In addition, excess greenhouse gas emissions can cause the climate to destabilize and change rapidly relative to typical natural cycles, with potentially negative impacts to both human societies

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<sup>1</sup> <http://www.epa.gov/oar/ozonepollution/health.html>

and species in ecosystems throughout the world. Such vehicles or equipment may also release significant quantities of greenhouse gases.

## 2.0 Overview of the Clean Vehicles Program

### 2.1 Program Purpose

The Clean Vehicles Program of the Houston-Galveston Area Council is an emissions reduction incentive grant program designed to:

1. Help improve the Nonattainment Area's regional air quality and fulfill regional State Implementation Plan and conformity requirements;
2. Help reduce petroleum consumption and enhance energy independence and diversity; and
3. Help stimulate the local economy.

The program achieves these objectives by providing grants to qualifying fleets and fuel providers interested in deploying cleaner technologies. The program is open to any private, public, or nonprofit organization or individual with a base of operations in the Nonattainment Area.

The Clean Vehicles funding streams include the following:

- **Congestion Mitigation and Air Quality Improvement Program (CMAQ)** – Applicants may receive a grant package to cover up to 75% of the total eligible project costs for on-road class 8 trucks.
- **Supplemental Environmental Project (SEP)** – May be either state or federal, and is allocated based on timeliness of application submission and need. SEP funds are used to purchase school buses for public and private education organizations.
- **Heavy Duty Diesel Replacement Program (HDDRP)** – Funds intended to replace class 6, 7 or 8 trucks, or non-road equipment making use of heavy duty diesel engines. Grants for approved diesel-to-diesel replacements will pay up to 50% of the replacement cost, and diesel-to-alternative fuel replacements will pay up to 75% of the replacement cost.

The Clean Vehicles Program is intended to achieve its objectives through technological, rather than operational, changes in fleets. It is not intended to accommodate changes in vehicle/equipment usage (miles traveled or hours operated) by expanding or reducing fleet size. Rather, its focus is to accelerate the deployment of solutions that, given the same level of usage, help existing operations function more cleanly.

### 2.2 Basic Program Requirements

Projects that may generally be considered for funding under the Clean Vehicles Program:

- Those that replace on-road heavy duty diesel vehicles
- Those that establish alternative-fueling facilities
- Those that comply with all fund source guidelines, including Buy America provisions.

Regardless of the project type or funding source, ALL projects must fulfill the following basic program requirements to be eligible for a grant:

### Vehicles or Equipment Eligibility

- Vehicles or equipment which are included in the application must be compliant with the provisions of Buy America, meaning: The steel used to produce all vehicles or equipment must be sourced from the United States of America in the percentages required; and all vehicles and equipment must be assembled on U.S. soil.
- Vehicles or equipment which are included in the application must be in good working order and in current use. Additionally, project vehicles must have an anticipated work life of at least two more years.
- Both current and future vehicles or equipment must work within the Nonattainment Area (Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties) for a majority of their overall usage, the percentage of which will be contracted if the project is awarded.
- Current vehicles or equipment must have been owned/operated by the applicant for at least the past twelve months.
- Vehicles or equipment intended for replacement must represent accelerated turnover rather than normal turnover. Accelerated turnover is defined as the replacement of a vehicle which could have remained in operation at least as long as the length of the proposed project life, given the expected useful life of its engine and its current rate of usage.
- Vehicles or equipment fleets must have an anti-idling policy in place.
- Replacement vehicles or equipment for current vehicles or equipment must be new, with no previous owners other than the original manufacturer/dealer.
- Vehicles or equipment funded by the Clean Vehicles Program cannot be used to generate credit in any emissions banking and trading program or otherwise credited in the regional State Implementation Plan.
- ALL retrofits, conversions, and engines must be EPA- or California Air Resources Board-certified, verified, or otherwise approved.

### Infrastructure Eligibility

- Infrastructure included in the application must be located within the Nonattainment Area.
- Infrastructure funded under the Clean Vehicles Program cannot be used to generate credit in any emissions banking and trading program or otherwise credited in the State Implementation Plan.

Depending on the funding source and type, additional restrictions and/or eligibility criteria may apply.

## 2.3 Project Workflow and Key Contacts

Each project funded by the Clean Vehicles Program has three primary stages: application phase, implementation phase, and compliance phase. These stages are detailed in the diagram shown below:

## Clean Vehicles Project Workflow Process

Application Phase	Implementation Phase	Compliance Phase
1. Application Packet submitted	1. Contract executed	1. Monitoring reports processed
2. Application analysed by project specialist	2. New vehicle(s)/equipment purchased	2. Emissions Accounting analysis performed
3. Eligibility Notification created and signed by applicant	3. Destruction/installation performed (as applicable)	3. Emission surpluses/deficits addressed as needed
4. Preapproval Site Visit conducted	4. Required documentation received from sub-recipient	4. Audit visits conducted at discretion of H-GAC; problems addressed as needed
5. Risk Assessment completed (non-government only)	5. Required documentation received from destruction vendor	5. Project Closeout Letter sent
6. Grant Reservation Letter created and signed by applicant	6. Invoices submitted and processed	
7. Project approved by H-GAC Board of Directors	7. Follow-Up Site Visit conducted	
8. Contract Initiated	8. Grant funds issued	
	9. Invoice Closeout Letter sent	

Throughout each phase, project managers should expect to receive a formal communication from Clean Vehicles staff at certain milestones within the process.

Participants will coordinate with two primary contacts within the Clean Vehicles Program throughout the course of project: the program manager and a program coordinator. The **program manager** represents the Clean Vehicles Program to the general public and works with individuals both internally and externally to ensure that all projects are handled effectively and efficiently. The program manager will assign a **program coordinator** to each project, who will be responsible for working with the participant to move each project through the Clean Vehicles workflow process. The program coordinator will handle all day-to-day tasks and issues related to the project.

### 3.0 Application Phase

#### 3.1 Application Packet and Submission

Potential applicants are encouraged to contact staff prior to submitting an application with any questions they may have regarding program requirements and/or to receive a qualitative assessment of their prospects for receiving Clean Vehicles funding. H-GAC strongly encourages applicants to discuss any questions relating to the operation and/or compatibility of equipment with the product vendor and other qualified personnel prior to inclusion in the application.

There are no application deadlines, thus organizations may submit their application at any time. Awards will be granted on a first-come, first-serve basis until funds are exhausted.

Application packets should include the following information:

Application Form	Description	Notes
A	Basic Information Form	Required for all projects
B1	On-Road Vehicle Data	Required for all on-road projects
C	Infrastructure Narrative Cover Page	Required for all infrastructure projects
D	Signature Form	Required for all projects

**Applications should be submitted electronically** by emailing all completed forms in Excel format as attachments to cleanvehicles@h-gac.com. A hard copy original of the signed Form D (Signature Form) should be submitted by mail or in-person delivery.

Applicants may withdraw their application at any time by notifying staff in writing.

## 3.2 Application Analysis

Emission reductions for Clean Vehicles projects will be calculated based on information provided in the application and use of the most appropriate, up-to-date EPA- or California Air Resources Board-certified emissions modeling programs and/or applicable guidance documents and certifications. The EPA's current state-of-the-science emission modeling system is the MOtor Vehicle Emission Simulator (MOVES2014b).

Generally, the greater the emission reduction achieved, the more efficient it is for the Clean Vehicles Program to fund a project, and the more money that project may be eligible to receive. However, it should be noted that actual grant awards are subject to the availability of funds and any applicable match requirements. Being eligible for a certain level of funding does not guarantee that level of funding will actually be awarded.

## 3.3 Risk Assessment

Concurrent with the evaluation of emission reductions and cost-effectiveness, a risk assessment is conducted for all private and nonprofit applicants. This assessment is performed in order to gauge the reliability of the applicant in fulfilling their contractual commitments and their ability to remain operational throughout the compliance phase. The risk assessment is based on the following factors:

- Number of years in business/operation
- Years of project manager experience
- Prior history with any H-GAC air quality grant program
- Status of commercial driver licenses for project vehicle drivers
- Status of insurance and safety inspections
- Driving safety record of company or individual
- Recordkeeping practices
- Upkeep and organization of assets
- Responsiveness to information requests
- Grant Viability Ratio

Depending on the risk level that these factors show for each applicant, Clean Vehicles staff will determine if the project should be deemed ineligible due to a high risk score or if it may move forward. Projects moving forward that are scored as Low Risk can advance without the addition of extra requirements (if funded), while those scored as Moderate Risk will incur additional requirements during the compliance phase.

### 3.4 Grant Package Development

Having determined the anticipated benefits of the project, Clean Vehicles staff will develop a grant package. The amount and type of grant funds included in this package will vary depending on a number of factors, including but not limited to the availability of funding and the specific criteria associated with each funding type.

The criteria associated with each funding type consist of the following:

- Project life
- What constitutes an eligible cost
- What county(ies) the funding is designated for
- Matching requirements
- Any other criteria as may be required by fund source or H-GAC guidelines

These vary according to the guidelines of the funding source and consequently not every project will be eligible for every funding type.

Beyond the funding attributes used in the grant determination process, several other factors are taken into consideration. These include:

- Whether the applicant has been awarded grants or assistance through other funding opportunities for the vehicles or equipment included in a given project
- The risk assessment score earned by an applicant.

After considering these factors, the application analyst will assemble the best grant package available, provide an Eligibility Notification to the applicant, and discuss with them any questions they may have. The applicant will respond in writing about how they wish to proceed, choosing one of three options:

1. Move forward for grant approval for all of the vehicles or equipment submitted in the application.
2. Move forward for grant approval with selected vehicles or equipment, withdrawing others from the application.
3. Withdraw the entire application.

Vehicles or equipment withdrawn from the process may be resubmitted for consideration under a new application at a later time.

Please note that in order to ensure the most efficient use of the program's administrative funding and staff time, projects qualifying for less than \$1,000 in total grant funding will not be accepted into the program.

### 3.5 Preapproval Site Visit

If the applicant wishes to proceed, Clean Vehicles staff will conduct a Preapproval Site Visit for vehicle or equipment projects or a preapproval consultation meeting for infrastructure projects. The purpose of the visit will be to verify the accuracy of the information contained in the application, and to ensure that several operational practices are in place.

Specifically, Clean Vehicles staff will review and/or collect copies of the following documentation as appropriate:

Description	Vehicles	Pre-Existing Infrastructure (to be expanded/ modified)	New Infrastruc- ture
Usage logs (miles/hours, fuel)	X		
Maintenance logs	X	X	
Good working order check	X	X	
Operating/training procedures	X	X	X
Workplace drug policy	X	X	X
Anti-idling policy	X		
Proof of current insurance/liability protection	X	X	X
Proof of current ownership	X	X	
Proof of years in operation (not required for public entities)	X	X	X
Proof of building, business, and environmental permits (as applicable, for new infrastructure sites)		X	X

### 3.6 Final Approval

Following the Preapproval Site Visit and completion of the Risk Assessment, Clean Vehicles staff will send the applicant a Grant Reservation Letter signifying that grant funds have been reserved for the applicant and describing the final determination of eligibility. The applicant will respond in writing about how they wish to proceed, choosing one of two options: 1) move forward for grant approval for all of the remaining vehicles or equipment included in the application; or 2) withdraw the application. Vehicles or equipment that are withdrawn from the process may be resubmitted for consideration under a new application at a later time.

For projects still moving forward, staff will submit the applicant’s grant information to the H-GAC Board of Directors for approval. If the board approves the grant, Clean Vehicles staff will internally initiate the contract process.

## 4.0 Implementation Phase

### 4.1 Contract Execution

Once a contract has been initiated and drafted, signatures will be electronically collected via DocuSign for the contract’s execution, first on behalf of H-GAC, then by the applicant.

The full contract will include the following components:

- General Provisions
- Special Provisions
- Assignment of Proceeds
- Project Scope of Work
- Project Specifications
- Project Budget

- Supplemental Requirements Form

If the applicant has any questions or proposed changes to the draft contract, they should contact Clean Vehicles staff to discuss the matter. All substantive changes in the contract language will be referred to H-GAC's attorneys for review.

Under NO circumstance should the applicant begin ordering or purchasing new vehicles or equipment or destroying old engines prior to the full execution of the contract by H-GAC and the sub-recipient. Failure to follow these instructions will result in forfeiture of grant funds.

## 4.2 Project Implementation

Project implementation may begin as soon as the contract is fully executed by H-GAC and the sub-recipient. The applicant is now designated as a grant sub-recipient.

Infrastructure installation must be performed by qualified personnel such as the equipment vendor, certified technicians, etc. H-GAC is not responsible for reimbursing the costs associated with improper installation of equipment, the inadvertent installation of equipment that is incompatible with existing equipment, and/or equipment which has manufacturer defects. H-GAC strongly encourages grant sub-recipients to exercise due diligence in assessing and selecting the appropriate products, vendors, and installation personnel for their infrastructure projects.

For vehicle/equipment replacement projects, destruction of the old engine and/or chassis will be required using a destruction vendor approved by H-GAC. Engine/chassis destruction is necessary to ensure that they will not be resold, thus cancelling the air quality benefits of replacement. Vehicles that are to be replaced must remain in use with current registration/inspection stickers until at least 90 days prior to their destruction, and must be destroyed by a certified destruction vendor no later than 90 days following receipt of the new vehicle. Noncompliance may result in the loss of grant funds.

A list of destruction vendors currently approved by the Houston-Galveston Area Council will be provided from Clean Vehicles staff. A standard amount of \$500 for buses and \$1,000 for trucks will be applied to the invoicing process.

Complete destruction guidelines are also available from program staff.

## 4.3 Invoicing and Reimbursement Procedures

Following engine/chassis destruction and/or actual installation of infrastructure equipment, the grant sub-recipient may begin invoicing H-GAC for reimbursement. Complete invoicing guidelines are available from Clean Vehicles staff. Invoicing must be completed within one year of the contract start date unless a change order is approved to extend the invoicing period. When submitting an invoice, the grant sub-recipient should include applicable documents from the following list:

- From the Sub-Recipient –
  - Delivery Invoices for All Replacement Vehicles
  - Proof of Payment for All Replacement Vehicles
  - Proof of Direct Cost Fee Payment to H-GAC
  - Signed Financial Report
- From the Destruction Vendor –
  - Vendor Certification Form

- Electronic Photos
- Non-Repairable Titles for All Vehicles Destroyed
- For Infrastructure Projects –
  - Proof of current ownership (for new sites)
  - Proof of building, business, and environmental permits (as applicable, for new sites)

All invoices submitted must present the appropriate level of match at the time of billing, as specified in the contract.

Grant sub-recipients should allow approximately two months for invoice package processing and reimbursement, depending on the type(s) of funding received in the grant award package. At the conclusion of the invoicing period, grant sub-recipients will have 60 days to submit a final invoice, after which Clean Vehicles staff will send the grant sub-recipient a formal, written notification that the invoicing period is closed.

#### 4.4 Change of Scope

Grant sub-recipients may request a change of scope to their contract at any time by communicating to Clean Vehicles staff in writing (a) the changes requested and (b) the reason(s) for the requested changes. These changes may include but are not limited to:

- Changes to the type of vehicle/equipment purchased/utilized
- Changes in the usage patterns of the vehicle/equipment
- An extension of the invoicing period
- Changes to the fuel type utilized
- Changes to the contract amount
- Change in organizational status (for example, mergers, name change, etc.)

If the changes relate to the usage patterns, engine type, or fuel type of any vehicles or equipment or infrastructure, a reanalysis of the project may be needed, and the approved funding amount may change as a result.

If Clean Vehicles staff agrees to the changes being requested and obtain management approval, they will draft an appropriate change order.

### 5.0 Compliance Phase

#### 5.1 Quarterly Monitoring Reports and Usage Requirements

After grant sub-recipients have invoiced H-GAC for the vehicles or equipment or infrastructure that they purchased/installed, they must begin submitting quarterly monitoring reports. Monitoring reports must be submitted for the duration of the project's life, which may vary depending on the type(s) of funding included in the grant, the type of project being implemented, and the number of compliance years chosen in the signed Eligibility Notice.

Staff will review the monitoring reports to make sure they are complete, and to determine whether the project is achieving the contracted emission reductions. If vehicle/equipment or infrastructure in-region

usage is less than minimums identified in the project contract, the grant sub-recipient will need to submit a description of any conditions (such as weather, accidents, major maintenance, economic problems, etc.) that significantly impacted usage. If the project's in-region annual usage does not attain contracted minimums over a one-year period, H-GAC staff will review the project's history and patterns to help the sub-recipient bring all deficit vehicles into compliance.

Options for addressing actual in-region usage that is below contracted minimums, but are not limited to:

- Extending the project reporting period for up to two years, or as limited by useful life requirements. (The latter takes precedence over the former.)
- Refunding grant money in proportion to the in-region usage deficit.
- Transfer vehicle/equipment ownership to an entity committed to comply with the contract terms. (See Section 5.4 for information on transfer of ownership requirements.)

At the conclusion of the monitoring period, Clean Vehicles staff will perform a final review of the project files to determine that all program and contract requirements have been met, and that all documentation has been submitted. Upon the completion of this review and the fulfillment of any outstanding requirements, staff will send a Project Closeout Letter to the grant sub-recipient indicating the project has been closed.

## 5.2 Audits and Finding Resolution

As part of the contract, the grant sub-recipient may be subject to compliance reviews and/or additional site visits by H-GAC staff over the course of the project's life.

A compliance review is an internal review of the project file by H-GAC staff to identify potential problems, concerns, or areas of noncompliance. If an issue is identified, Clean Vehicles staff will notify the sub-recipient in writing to request that the matter be addressed. If the matter is not sufficiently addressed, a follow-up site visit will be conducted to ensure all program requirements are being fulfilled.

Additional site visits may be conducted as part of normal auditing protocols and/or as the result of an unresolved compliance review. These site visits will take place at a mutually agreed-upon time by H-GAC staff and the grant sub-recipient. Items that may be inspected during a site visit include:

- The continued functioning of vehicles or equipment and/or infrastructure.
- Data relating to usage history (mileage, fuel consumption, operational hours, etc.).
- Administrative and financial records relating to the operation of the Clean Vehicles-funded vehicles, equipment, and/or infrastructure.
- The completion and submission of all monitoring reports.
- Continued use of operational protocols including the vehicle/equipment operating procedures, workplace drug policies, and insurance.

The grant sub-recipient will be notified in writing of the results of the site visit, and of any findings which need to be addressed by the grant sub-recipient. The grant sub-recipient will have 30 days from receipt of this notification to respond in writing to any findings by:

1. Demonstrating that they have resolved the problem immediately and/or
2. Presenting a plan that is satisfactory to Clean Vehicles staff for how they intend to resolve the problem in a timely manner.

Grant sub-recipients making use of option #2 should notify Clean Vehicles staff in writing immediately following the resolution of the problem, and/or if there is a need for a change to the resolution plan.

If the grant sub-recipient fails to resolve the findings of a site visit to the satisfaction of H-GAC staff, the sub-recipient will be notified in writing that enforcement processes will be initiated. Enforcement processes may ultimately result in a refund to H-GAC of any grant monies received and/or other legal remedies. Projects moving to the enforcement process will be referred to the agency's upper management and/or attorneys to determine the specific course of action on a case-by-case basis. At a minimum, grant sub-recipients involved in a project requiring enforcement will be flagged and suspended from further program participation until all issues are resolved to the agency's satisfaction.

### 5.3 Supplemental Requirements and Sanctions

Grant sub-recipients which have a poor compliance history with the Clean Vehicles Program and/or are considered to be higher risk due to other factors may be subjected to greater scrutiny, suspended from program participation, and/or excluded from future program participation at the discretion of Clean Vehicles staff. Factors which may lead to being flagged include, but are not limited to:

- Failure to submit quarterly monitoring reports in a timely manner
- Failure to notify staff of contact/organizational information changes
- Failure to notify staff of any significant changes to vehicle/equipment/infrastructure usage and/or other substantive changes in contract scope
- Evidence that sub-recipients are not making a good faith effort in following through with project commitments as reflected in the application and contract
- Evidence that sub-recipients are not making a good faith effort in the resolution of audit findings
- Evidence of submitting intentionally inaccurate or fraudulent data/information to program staff

Measures providing greater scrutiny may include, but are not limited to:

- A requirement to install GPS on all funded vehicles or equipment and to provide GPS data to Clean Vehicles staff for review.
- Becoming subject to performance-based reimbursement protocols, in which grant fund payments are only made to the grant sub-recipient after monitoring reports and audit requirements are fulfilled satisfactorily. More specifically, the payment schedule will be as follows:
  - 25% of the grant at the time of project implementation
  - 25% of the grant following the first year of reporting
  - 25% of the grant following the second year of reporting
  - the remaining 25% of the grant following the third year of reporting
- More frequent site visits by program staff

In the event supplemental requirements are imposed, staff will draft and submit a Supplemental Requirements Form to the grant sub-recipient for signature. This form, once signed, becomes part of the contract.

## 5.4 Voluntary Early Release

From time to time, circumstances arise which may call for the voluntary early release of vehicles or equipment and/or sub-recipients from their contractual obligations. For voluntary early release requests, the Clean Vehicles Program requires a 30-day advance notice in writing before the grant sub-recipient sells, relocates, or otherwise removes funded vehicles or equipment or infrastructure from in-region usage. If H-GAC approves the change, the sub-recipient may select one of the following three options to satisfy their contractual obligations:

1. **Termination:** Terminate the agreement as applicable to the vehicle/equipment that was released, and provide a prorated reimbursement to H-GAC of the grant funds provided for that unit. The reimbursement will be calculated based on shortfalls of in-region usage at the time of early release.
2. **Substitute Vehicle/Equipment:** Select a comparable unit that may serve as a substitute and fulfill the remaining contractual requirements as they originally applied to the unit that was released. The substitute unit must meet the following requirements in order to be approved:
  - a. The substitute unit must be acquired within six months of the release
  - b. Achieve at least as many documented emission reductions as was originally contracted
  - c. Achieve emission reductions as a result of technological rather than operational changes
3. **Substitute Contractor:** Conveyance of contractual obligations to a new party which would take possession of the unit and be willing to fulfill the remaining requirements as they originally applied to the primary grant sub-recipient. The substitute contractor must meet the following requirements in order to be approved:
  - a. The substitute contractor must become a party to the H-GAC contract for the unit and meet all applicable eligibility requirements
  - b. The substitute unit must achieve at least as many documented emission reductions as was originally projected
  - c. The substitute unit must achieve emission reductions as a result of technological rather than operational changes

Please note that Option #3 is only available to substitute contractors who have completed at least two years of satisfactory reporting.

## 5.5 Involuntary Early Release

Involuntary early release occurs if vehicles or equipment or infrastructure funded through the program are destroyed or lost through fire, theft, accident, or an act of God (for example, hurricane). In the event of an involuntary early release, the grant sub-recipient is required to notify Clean Vehicles staff as soon as possible and to submit a Vehicle Loss Documentation Form (available from program staff) describing the occurrence and attach the appropriate documentation. The grant sub-recipient will then be required to choose one of the following three options to satisfy remaining contractual obligations:

1. **Termination:** If actual in-region usage levels did not reach the contracted minimum required usage level prior to the vehicle's loss, sub-recipients may choose to terminate the

agreement as applicable to the equipment that was lost. Sub-recipients choosing this option will reimbursement a prorated amount to H-GAC of the grant funds provided for that equipment. The reimbursement will be calculated based on shortfalls of in-region usage at the time of early release.

2. **Substitute Equipment:** If actual in-region usage levels did not reach the contracted minimum usage level prior to the vehicle's loss, sub-recipients may choose to substitute a comparable vehicle to fulfill the remaining contractual requirements as they originally applied to the vehicle that was lost. The substitute unit must meet the following requirements in order to be approved:
  - a. **Acquired within six months of the incident:** Substitute units may not have been purchased prior to the incident or more than six months after the incident which caused the loss. "Purchased" is defined as when the substitute contractor makes payment for the unit.
  - b. **Contracted Emission Reduction Minimums:** The substitute unit must achieve at least as many documented emission reductions as were contracted.
  - c. **Technological Emission Reductions:** The substitute unit must achieve emission reductions as a result of technological rather than operational changes.
3. **Reporting Period Extension:** A gap in equipment usage for more than a full quarter due to delays in acquiring the substitute unit may require a corresponding extension of the reporting period.