

# Volkswagen Environmental Mitigation Trust Fund

## Zero-Emission Freight and Marine Program Solicitation

May 28, 2021

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## I. Overview

### A. Introduction

The Volkswagen Environmental Mitigation Trust (Trust) was established to settle a lawsuit in the United States District Court for the Northern District of California about use of illegal emissions testing “defeat devices” in certain 2.0-liter and 3.0-liter Volkswagen (VW) diesel vehicles. Funding through this Trust, as prescribed in the settlement’s Consent Decree, is being awarded to mitigate the excess oxides of nitrogen (NOx) emissions from these vehicles.

The California Air Resources Board (CARB) is the lead agency acting on the State's behalf in implementing California's \$423 million share of the Trust funds created in the settlement. As required by the Trust, CARB approved a [Beneficiary Mitigation Plan](#) (BMP) for California. The BMP establishes five eligible program categories and describes the goals and basic requirements for each category.<sup>1</sup> CARB has authorized the allocation of approximately \$360 million in Trust funds for projects and \$63 million for reserves and administrative costs. The five program categories that have been designated for the Trust funds include:

- Zero-Emission Transit, School, and Shuttle Buses (\$130 million)
- Zero-Emission Class 8 Freight and Port Drayage Trucks (\$90 million)
- ***Zero-Emission Freight and Marine (\$70 million)***
- Combustion Freight and Marine (\$60 million)
- Light-Duty Zero-Emission Vehicle Infrastructure (\$10 million)

Under contract to CARB the Bay Area Air Quality Management District is serving as administrator (“VW Administrator”) of the \$70 million in Trust funds for the Zero-Emission Freight and Marine (ZEFM) program category. This solicitation seeks to award up to \$34 million for ZEFM projects.<sup>2</sup>

### B. Program Objectives

The ZEFM Program will fund projects that accomplish one or more of the following:

- Scrap<sup>3</sup> and replace heavy-lift forklifts, port cargo handling equipment, airport ground support equipment, or marine engine in ferry, tugboats and towboats with new, commercially available, zero-emission technologies, or
- Install shore power systems for oceangoing vessel at port terminals.

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<sup>1</sup> The Volkswagen Environmental Mitigation Trust Beneficiary Mitigation Plan for the State of California is available at <https://ww2.arb.ca.gov/resources/documents/californias-beneficiarymitigation-plan>.

<sup>2</sup> The VW Trust has allocated up to \$70 million to fund upgrades to ZEFM equipment. These monies are being released in two installments of \$35 million each. The first installment of \$35 million has already awarded approximately \$1 million in funding. The remaining \$34 million is available through this solicitation

<sup>3</sup> Scrapping means to render inoperable and available for recycling and, at a minimum, to cut an irregular three-inch hole in the engine block. If any eligible vehicle will be replaced, scrapping also includes the disabling of the chassis by cutting the vehicle’s frame rails completely in half.

By funding cost-effective, zero-emission projects and awarding at least 75 percent of funding to projects that reduce emissions in California's [disadvantaged and low-income communities](#),<sup>4</sup> the ZEFM program seeks to maximize NOx reductions and benefits. It also seeks to drive widescale adoption of zero-emission off-road equipment that has typically relied on conventional diesel technologies.

This document describes eligibility criteria, program requirements, available funding, the application and evaluation process, and the award of Trust funds. At its sole discretion, the VW Administrator reserves the right to modify this solicitation and its aspects.

#### C. Resources for Applicants and Grantees

ZEFM program information, application resources, announcements about upcoming workshops, and answers to frequently asked questions (FAQs) are available on the ZEFM program website at <https://www.californiavwtrust.org/zero-freight-marine>. Interested parties can sign up at <https://www.surveymonkey.com/r/CaliforniaVW> to receive email updates for the ZEFM program.

The VW Administrator will periodically hold webinars to provide information about the program requirements, solicitation process and timeline, online application system, and application evaluation process. Webinars are open to all interested parties. Pre-registration and submission of any questions in advance is encouraged. When available, recordings of previous webinars will be posted on the VW program website.

Questions about the ZEFM Program can be submitted to [californiavwtrust@baaqmd.gov](mailto:californiavwtrust@baaqmd.gov) or asked via phone at 1-844-9VW-FUND.

#### D. Features of this New Solicitation

The VW Administrator opened a competitive solicitation for the ZEFM program in August of 2020. This second solicitation is different from the first solicitation in the following ways:

- **First Come, First Served.** Application review and awards are now offered on a first-come, first-served basis. This means that applications will be reviewed on a rolling basis until the solicitation period ends or until funds are exhausted, whichever comes first.
- **Limited Marine Vessel Engine Retention Allowed.** Marine vessels are not required to upgrade all combustion engines on the vessel so long as any remaining engines are at least Tier 3 or Tier 4. The program will continue to fund upgrades to zero-emission for only pre-Tier 3 engines, and all Tier 0-2 engines must be replaced for a project to be eligible for an award. However, Tier 3 or newer engines may be retained.
- **Supporting Infrastructure.** Funding from this solicitation may be used to pay for costs directly related to installing supporting infrastructure for all equipment categories, including projects that scrap and replace eligible marine vessel engines.
- **Award Limit per Applicant.** The maximum funding award for any combination of project components is \$10 million per applicant.

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<sup>4</sup> See <https://ww3.arb.ca.gov/cc/capandtrade/auctionproceeds/communityinvestments.htm> for California communities identified as disadvantaged and/or low-income.

## II. Eligibility and Requirements

### A. Eligible Applicants

1. Applicants may be individuals, businesses, nonprofits, or government entities based in California or with a California-based affiliate. Indian Tribes are also eligible applicants, provided all funding sources are reported to ensure that NOx reductions are not double-counted. For more information about the Environmental Trust Agreement for Indian Tribes, visit <https://www.vwenvironmentalmitigationtrust.com/tribe-trust>.
2. Applicants must be in compliance with all applicable Federal, State, and local regulations, including CARB regulations that apply to the applicant's fleet. Applicants must remain in good standing throughout the contract term.
3. Applicants who have received any grants from local air districts or from CARB must in good standing with the requirements of those agreements.
4. Applicants must have the financial ability to pay upfront for all costs necessary to complete their projects and for all costs not eligible for reimbursement. Program funds are paid on a reimbursement basis only after the project is completed.

### B. Eligible Project Components

The following combinations of activities and equipment (aka "Project Components") are eligible for funding under this solicitation:

- Scrap and replace **heavy-lift forklifts greater than eight thousand pounds of lift capacity** including but not limited to reach stackers, side loaders, and top loaders. Forklifts do not need to be located at a port or airport to be eligible.
- Scrap and replace **port cargo handling equipment (CHE)** including but not limited to rubber-tired gantry cranes, straddle carriers, shuttle carriers, terminal tractors, yard hostlers, and yard tractors that operate within ports.
- Scrap and replace **airport ground support equipment (GSE)** including but not limited to equipment that is used for starting aircraft, aircraft maintenance, aircraft fueling, transporting cargo to and from aircraft, loading cargo, transporting passengers to and from aircraft, baggage handling, lavatory service, and food service.
- Scrap and replace internal combustion-fueled **engines in ferries, tugboats, and towboats**, including hybrid vessels.
- Installation of **shore power at berths that serve oceangoing vessels**.

Applicants selected for an award will be responsible for fulfilling all equipment, project, and operational requirements, as described in the sections that follow.

For all categories except oceangoing vessel shore power, an existing eligible vehicle or engine in the owner's fleet must be scrapped, and the new vehicle, new engine, or new zero-emission motive power

system must be certified, verified, or otherwise approved by the U.S. EPA or CARB for operation in California.

## C. Equipment Requirements

### 1. Baseline Equipment Requirements for all Project Components

For all project categories except oceangoing vessel shore power, the existing vehicle(s) or engine(s) (aka “baseline equipment”) must satisfy the following requirements for a project component to be eligible:

- a. Must be fueled by gasoline, diesel, compressed natural gas, liquefied natural gas, or propane.
- b. Must have been owned and operated by the applicant in its intended service in California for the prior 12 consecutive months.
- c. Must be in compliance with regulatory requirements.

### 2. New Equipment Requirements for all Project Components

New equipment must satisfy all of the following requirements to be eligible for funding:

- a. Must be new and may not have been used, previously owned, registered, or purchased prior to execution of a grant agreement.<sup>5</sup> (Applicants and grantees may not purchase or commit to purchase any equipment or make any payments or place any nonrefundable deposits on equipment prior to receiving a Notice to Proceed.)
- b. Must be certified or approved as zero-emission equipment.<sup>6</sup> Applicants can fulfill this requirement in one of the following ways:
  - i. Submit the URL or a screenshot from the California Clean Off-Road Equipment (CORE) catalog (<https://californiacore.org/equipmentcatalog/>) for the piece of equipment;
  - ii. Submit correspondence of approval of the equipment as zero-emission under another State grant program;
  - iii. Submit a copy of US EPA approval or certification of equipment as zero-emission; or
  - iv. If no other documentation exists, request review and approval of the equipment as zero-emission under this solicitation on a case-by-case basis.

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<sup>5</sup> Applicants may not make non-refundable down payments, become financially committed, or take possession of new equipment prior to the issuance of a fully executed grant agreement signed by all parties. A fully refundable deposit is allowed, as long as the deposit clearly states that it is fully refundable.

<sup>6</sup> Zero-emission equipment is anticipated to be battery-electric, hydrogen fuel cell, or grid-tied technology. Any new equipment that has been converted with aftermarket components to create zero-emission equipment is not eligible unless the entire piece of modified equipment has approval as zero-emission.

- c. Must remain zero-emission. (No modifications may be made to the equipment's emissions control systems, hardware, or software calibrations, (Vehicle Code Section 27156). No combustion source, such as a fuel-fired heater, is allowed.)
- d. Must be operational and warrantied for the equipment's expected useful life.<sup>7</sup>
- e. Must serve the same function as any baseline equipment and be capable of performing the equivalent or more work than the baseline equipment.
- f. Must be owned by the grantee.

### 3. Requirements by Type of Equipment

#### a. Heavy-Lift Forklift Project Components

- i. Must have 8,000 pounds or greater lift capacity.
- ii. May be any type of combustion-fueled baseline equipment, including diesel Tier 4 or earlier.
- iii. Must demonstrate 50 hours per year of baseline equipment usage to be eligible.<sup>8</sup>
- iv. May be located at any facility in California and can be used for any purpose (i.e., used for freight, marine, or another type of service).
- v. Must be placed into service and operational within 18 months from the date a Notice to Proceed is issued.

#### b. Port Cargo Handling Equipment (CHE) Project Components

- i. May be any type of combustion-fueled baseline equipment, including diesel Tier 4 or earlier.
- ii. Must demonstrate 200 hours per year of baseline equipment usage to be eligible.<sup>9</sup>
- iii. Must be located and operated within a California port.
- iv. Must be placed into service and operational within 18 months from the date a Notice to Proceed is issued.

#### c. Airport Ground Support (GSE) Project Components

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<sup>7</sup> The cost of an extended warranty is eligible for reimbursement using funding awarded under this solicitation.

<sup>8</sup> If baseline equipment meets this minimum use requirement, the VW Administrator will review a proposed forklift project component for a potential award. Based on the baseline equipment usage and as needed to make the project component cost-effective, the VW Administrator may propose an award less than the forklift's maximum potential funding.

<sup>9</sup> If baseline equipment meets this minimum use requirement, the VW Administrator will review a proposed CHE project component for a potential award. Based on the baseline equipment usage and as needed to make the project component cost-effective, the VW Administrator may propose an award less than the CHE's maximum potential funding.

- i. Must be baseline equipment with one of the following:
  - 1. diesel Tier 0, Tier 1 or Tier 2 engine, or
  - 2. spark ignition engine that is uncertified or certified to 3 grams per brake horsepower-hour (g/bhp-hr) or higher emissions standard.
- ii. Must demonstrate 40 hours per year of baseline equipment usage to be eligible.<sup>10</sup>
- iii. Must be used at an airport to service aircraft between flights.
- iv. Must have new equipment placed into service and operational within 18 months from the date a Notice to Proceed is issued.

#### d. Ferry, Tugboat, and Towboat Engine Repower Project Components

- i. Must currently be used as a ferry, tugboat, or towboat and must continue in the same type of service after being repowered.
- ii. Must have diesel Tier 0, Tier 1 or Tier 2 baseline engine(s).
- iii. Must have new equipment installed and the vessel operational within 24 months from the date a Notice to Proceed is issued.

#### e. Shore Power Project Components

- i. The Applicant must be either (a) the landowner or (b) an operator with a long-term lease for the proposed berth (i.e., ten or more years remaining).
- ii. Must have usage records demonstrating that shore power will support at least 30 visits per year from oceangoing vessels that are not already required by regulation to reduce at-berth emissions from auxiliary engines.<sup>11</sup>
- iii. Must comply with international shore power design standards (ISO/IEC/IEEE 80005-1-2012 High Voltage Shore Connection Systems or the IEC/PAS 80005-3:2014 Low Voltage Shore Connection Systems).
- iv. Must use a local electrical grid or another established generator as the power source. No power generation may be funded with an award through this program.<sup>12</sup>
- v. Must have new equipment installed and operational within 24 months of the date a Notice to Proceed is issued.

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<sup>10</sup> If baseline equipment meets this minimum use requirement, the VW Administrator will review a proposed GSE project component for a potential award. Based on the baseline equipment usage and as needed to make the project component cost-effective, the VW Administrator may propose an award less than the GSE's maximum potential funding.

<sup>11</sup> Calculation of cost-effectiveness will only consider emissions reductions associated with shore power usage from oceangoing vessels not required by current regulation to reduce at-berth emissions from auxiliary engines.

<sup>12</sup> Shore power systems that are not supplied by power sourced from the local utility grid may be eligible. However, costs related to distributed energy, such as fuel cells generating the electricity for shore power, are not eligible for grant reimbursement or use of match funds. In addition, only shore power systems serving oceangoing vessels that are not required by current regulation to reduce at-berth emissions from auxiliary engines are eligible.

## D. Project Requirements

To satisfy project requirements in this program, a grantee must do all of the following:

1. **Own the Equipment.** Grantees must be the legal owner of both baseline and new equipment.
2. **Wait for Contract and Notice to Proceed.** Only a fully executed contract constitutes the VW Administrator's award of Trust funds. No work or obligations may be made to procure equipment (e.g., entering into a binding contract for sale of equipment) prior to a Notice to Proceed being issued, except for the placement of fully refundable deposits, feasibility, electrical load capacity studies, or CEQA.
3. **Consent to Inspection.** Applicants and grantees must consent to allow inspection of baseline equipment at any time prior to it being scrapped to verify information provided in the application.

Grantees must consent to allow inspection of new equipment throughout the duration of the contract term to verify that it is operated in compliance with the contract. To verify that shore power systems are operational after all new equipment has been installed, inspections shall be allowed to connect the system to a vessel that it is designed to power.

The VW Administrator may conduct an inspection in person, appoint a designee to conduct an inspection in person, or conduct an inspection remotely (via live video stream). It is the responsibility of a grantee to furnish all necessary access and documentation needed to facilitate the inspection.

4. **Scrap Baseline Equipment.** No baseline equipment may be scrapped until the VW Administrator has issued a Notice to Proceed for that project component. Baseline equipment must be scrapped by a California-licensed dismantler or other dismantling entity that has been approved by the VW Administrator.

Baseline equipment must be scrapped within 60 days after the date that new equipment and any supporting infrastructure become operational or by the operational deadline included in the grant contract, whichever is sooner.

5. **Report Any Income from Scrapping of Baseline Equipment.** If grantee is paid for scrapping of baseline equipment, the following conditions must be satisfied:
  - a. The grantee will provide a receipt to the VW Administrator for any scrap payment showing the funds received from the dismantler.
  - b. The amount of scrap payment received will be deducted from the total eligible costs.
  - c. The grantee will maintain documentation about the scrap payment as part of the project record.
6. **Submit Copy of Purchase Order(s) for New Equipment.** Copies of a purchase order for new equipment must be submitted to VW Administrator within 6 months of contract execution date.
7. **Comply with Prevailing Wage and Labor Requirements.** For shore power projects and installation

of supporting infrastructure for other types of projects, the grantee must ensure that any and all work performed with Trust funds complies with California prevailing wage requirements, including but not limited to all of the provisions of State Labor Code Section 1771 regarding prevailing wages.

#### E. Operational Requirements

To satisfy operational requirements of this program, a grantee must do all of the following:

1. **Operate Equipment in California.** Projects funded under this solicitation must operate equipment within the State of California and Regulated California Waters.<sup>13</sup>
2. **Operate the New Equipment for Three Years.** The grantee must maintain and operate all new equipment in service for a minimum of 3 years.
3. **Assure Usage for the Hours Specified in the Grant Contract.** A grantee must operate the funded new equipment for no less than the specified number of hours in the contract. For new equipment registered in a California county that borders either another state or Mexico, mileage or hours accrued outside of California will not be counted towards this usage requirement.<sup>14</sup>
4. **Maintain Insurance.** A grantee must maintain insurance as required by law including, but not limited to property, liability, and workers compensation insurance. If an accident or other cause destroys or otherwise renders the funded equipment permanently inoperable, the applicant must notify the VW Administrator in writing. The written notification must provide proof that the new equipment has become inoperable, including photographs of the inoperable new equipment with equipment identification numbers (EIN) or other identifying markings, and any applicable insurance or police documentation.

In the event that any new equipment become inoperable, the grantee is solely responsible for replacing the inoperable new equipment at the grantee's own expense to complete any usage and operational requirements of the contractual obligations that have not been met.

5. **Maintain and Provide Records.** A grantee must keep written records of new equipment purchased and funded with Trust funds. These records include project-related expenditures and proof of purchase, final copies of reports submitted to the VW Administrator, and a copy of the executed contract and any amendments for the duration of the contract term plus three years. The VW Administrator reserves the right to ask a grantee to maintain and provide additional records not listed in this paragraph.

A grantee must provide all requested information related to any equipment purchased with Trust funds within ten days of the VW Administrator's written request for such information. Requested information may include, but is not limited to, purchase orders or agreements, equipment payment

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<sup>13</sup> The definition for Regulated California Waters and other terms are provided at the end of this solicitation document.

<sup>14</sup> Applicants must furnish usage records for baseline equipment to substantiate future usage proposals and to support cost-effectiveness calculations for a proposed project component. Applicants are strongly encouraged to assure that usage records and proposed future usage are reasonable as a basis for the required usage in a grant agreement. If a grantee operates funded equipment less than the minimum hours specified in a grant agreement or is otherwise unable to satisfy the project component's usage or project life requirements, the grantee may be required to repay grant funds.

information, registration, insurance, and purchaser fleet information.

6. **Submit Periodic Reports to VW Administrator.** A grantee is required to submit periodic reports to the VW Administrator that, at a minimum, will include the following:
  - a. **Semi-annual Progress Reports** that contain information about the pre-operational status of the project, including project costs incurred, project activity during the reporting period, and information about progress made toward implementing the project.
  - b. **Annual Operational Reports** for at least a continuous three-year operational period. These operational reports will document ownership status and include the new equipment's mileage or hours operated. For shore power annual operation reports will report the total ship visits to the berth and plug-ins to the new equipment, including vessel type and other relevant information.
7. **Follow Requirements for Leasing.** Leasing of funded equipment is allowed. However, a grantee must remain the legal owner of the equipment and remain responsible for all recordkeeping, reporting, and other program requirements, including the following:
  - a. The lease agreement term must be for a minimum of 3 years or at least the period of time remaining in the operational period.
  - b. The grantee (equipment owner and lessor) must disclose contract requirements to the lessee.
  - c. While the grantee may work with a lessee to fulfill grant contract requirements, such as usage and reporting, all requirements in the grant contract remain the sole responsibility of the grantee to ensure.
8. **Follow Requirements for Resale.** New equipment can be resold, provided that the grantee not engage a purchaser of funded equipment until the VW Administrator has provided written approval. Any purchaser must fulfill all remaining requirements in the contract made with the original grantee. The following conditions also apply:
  - a. The original grantee must inform the new purchaser in writing about the project requirements by sharing a copy of the contract.
  - b. In order for the original owner to be released from the requirement to satisfy the contract terms, the new equipment purchaser must sign an amended version of the contract with the VW Administrator prior to official resale.
  - c. For new equipment that is resold or moved out of the State, the grantee must promptly refund a prorated portion of Trust funds received.
9. **Recognize Potential Exclusion of Funded Equipment in Regulatory Compliance Calculations.** For fleets subject to CARB regulations, CARB may restrict the extent to which equipment funded through this program can be used to calculate and attain regulatory compliance. A grantee agrees to notify CARB in compliance statements that new equipment was funded through the Volkswagen Environmental Mitigation Trust.

### III. Funding

The VW administrator seeks to award up to \$34 million in Trust funds through this solicitation. The maximum award to a single applicant is up to \$10 million.<sup>15</sup>

Because an applicant may request funding for a project with one or more project components, the maximum potential award for an applicant is the sum of maximum potential funding for each of the project components proposed within an application. The sections below describe the funding limits by project equipment type, match funding requirements, and eligible and ineligible costs.

#### A. Award Size and Match Requirement

The maximum potential funding per project component is based on equipment type, as summarized in Table 1. The maximum potential funding includes reimbursement for any supporting infrastructure installed to power new equipment.

Table 1: Maximum Potential Funding and Required Match by Project Component<sup>16</sup>

Project Component	Max Potential Funding <sup>17</sup>	Match Required*
Heavy-lift Forklifts	\$175,000	25%
Port Cargo Handling Equipment	\$175,000	25%
Airport Ground Support Equipment	Full Incremental Cost <sup>18</sup>	25%
Marine Engines in Ferries, Tugboats, and Towboats	\$2,500,000	25%
Shore Power Systems at Berths for Oceangoing Vessels	\$2,500,000	75%

\* Applicable for applicants who are private or non-governmental organizations.

#### B. Match Applicability and Sources

Private and non-governmental organizations are required to pay a portion of project costs. These minimum match requirements are summarized in Table 1 by project component type. The minimum match listed refers to the percentage of eligible costs for the project that the grantee must pay and that, therefore, will not be eligible for reimbursement.

<sup>15</sup> An applicant is unique based on a unique Tax ID number (TIN).

<sup>16</sup> These funding limits are established in the Beneficiary Mitigation Plan approved on May 25, 2018. This plan is available online at <https://ww2.arb.ca.gov/resources/documents/californias-beneficiarymitigation-plan>.

<sup>17</sup> The maximum potential funding includes costs of equipment changes and any eligible costs associated with installing or upgrading eligible supporting infrastructure

<sup>18</sup> The full incremental cost is the difference in purchase price between a zero-emission piece of equipment and the costs of a new conventional-fueled equivalent. Up to the full incremental cost of zero-emission airport GSE is available for funding under this solicitation. The VW Administrator has the right to make the final determination of the incremental cost.

Public agencies may request up to 100% of the maximum potential funding for eligible project costs, not to exceed the funding limits summarized in Table 1. However, match funding may be required for a project component to meet the cost-effectiveness requirement and be eligible for funding.

The actual amount of match required will vary depending on the specific attributes of the baseline equipment and may be higher than the minimum amounts shown in Table 1.

A grantee may satisfy the match requirement or cover project costs not funded through this program using funding from the following eligible sources, subject to their program limitations: the California Energy Commission (CEC), from the Low Carbon Fuel Standard, from utility programs, and from Congestion Mitigation Air Quality programs.

A grantee may not combine funding received through this solicitation with funding from any sources that claim or require NOx emission reductions. These ineligible sources include, but are not limited to, the Clean Off-Road Equipment Voucher Incentive Program, the Carl Moyer Program, the Community Air Protection Program, AB 923 (Firebaugh, Chapter 707, Statutes of 2004), and AB 617 (C. Garcia, Chapter 136, Statutes of 2017).

C. Eligible Costs

The costs summarized in Table 2 are eligible for reimbursement under this solicitation.

Table 2: Eligible Costs by Project Component Type

Eligible Costs	Forklifts, CHE, and GSE	Ferry, Tugboat or Towboat	Supporting Infrastructure	Shore Power System
Purchase price and taxes for new equipment	✓	✓	✓	
Purchase price and taxes for system components, such as cabling, cable management system, coupler system, distribution control system, and power distribution components				✓
Reasonable shipping or delivery charges directly related to equipment	✓	✓	✓	✓
Preparation costs, such as design and engineering of electrical systems, engine compartment(s) or shore power site(s)		✓	✓	✓
Implementation costs, including electrical upgrades, contractor labor, permit fees, or other installation costs		✓	✓	✓
Extended warranty up to 10 years after delivery of equipment	✓	✓	✓	✓

## D. Ineligible Costs

The following are examples of costs ineligible for reimbursement:

- Any costs not directly related to the new equipment;
- Any costs incurred before the full execution of a grant agreement;
- Labor costs related to grant administration and project management;
- Contractor labor, fees, or other costs that are not directly related to installation of infrastructure or repower of commercial harbor craft;
- Planning or feasibility studies;
- Costs related to scrapping of baseline equipment;
- Maintenance costs (note: cost of extended warranty is allowed);
- Existing station upgrade;
- Fuel and energy costs;
- Distributed energy costs (e.g., fuel cells installed to provide power for charging infrastructure);
- Non-essential equipment hardware;
- Operations costs (i.e., fees, maintenance, repairs, spare parts, etc);
- Insurance;
- Data collection and reporting;
- Travel/lodging;
- Employee training and salaries;
- Legal fees;
- Real estate property purchases/leases;
- Performance bond costs;
- Storm water plan costs;
- Security costs;
- Vessel-side retrofits for Shore power projects;
- Testing and soil sampling;
- Hazardous materials, including permitting, handling, and disposal; and
- Signage.

## E. Reimbursement

The VW Administrator will process a reimbursement request and reimburse a grantee when the following project conditions have been met:

- a. All funded equipment and infrastructure, if any, have been placed into service.
- b. Eligible costs have been incurred and paid for by the grantee.<sup>19</sup>
- c. Inspections and eligibility verification for new equipment and baseline equipment have been completed.

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<sup>19</sup> The reimbursement for a project component may not exceed actual costs incurred after all discounts and other available sources of funding have been applied, including any grants or income from scrapping baseline equipment. Any costs in excess of those eligible for reimbursement are the responsibility of the applicant.

- d. Baseline equipment, if any, has been properly scrapped.
- e. The grantee has submitted a reimbursement request that includes, at a minimum, complete and valid invoice(s) for the equipment, proof of payment(s) made, verification that the equipment is operational and meets all requirements, and proof of destruction of baseline equipment, if required to be eligible for funding. As necessary, the VW Administrator may request additional documentation not listed in this paragraph.

## IV. Application and Submission Instructions

This section describes how to prepare and submit an application and how to add project components to an open application. Applicants can find additional resources, including how-to videos, on the program page at <https://www.californiavwtrust.org/zero-freight-marine/>.

### A. Preparing an Application

This solicitation requires applications to be submitted electronically through the VW Trust grants management website. The **electronic application system enables applicants to enter, save, modify, and add to a funding proposal as you go. Applicants will need to do the following:**

- Go to <https://www.californiavwtrust.org/zero-freight-marine/> and click the Grants Management Portal button. Create a profile and create an application.
- Begin your application by entering information about the applicant organization, such as legal organization name, contacts, addresses, and tax ID number. Furnish required documentation about the organization and, as needed, its regulatory compliance.
- Enter complete information about each project component that is proposed.
  - First enter a domicile location. To do so, click the (+) button at the top of the Project Component section and fill out fields in the window that opens.
  - Then enter information about the equipment. To do so, click the (+) button at the bottom of the Project Components section and fill out fields in the window that opens.
  - **For all scrap-and-replace projects**, be sure to click the Baseline Equipment check box and open the window to enter information that is required about the baseline equipment. After that, be sure to click the New Equipment check box and open the window to enter information about the new equipment.
- Enter information about the application regulations for your equipment and attach all supplemental documentation needed to round out the application.

Applicants are encouraged to click on the Save button at the bottom of the screen as you finish each section to avoid losing any work. To reopen the application after saving, click the Edit button of the page to reopen the application for additional data entry.

Applicants may receive assistance from a third party to fill out and submit an application, but only equipment owners are eligible for awards. No contracts will be executed with a third party.

## B. Submitting an Application and Initial Project Components

After an applicant has uploaded all of the required information for one or more project components, an applicant must do the following:

- **Assure the Completeness and Accuracy of an Application.** Before clicking on the “submit” button, applicants should check that all required information and materials have been entered into the online system. Attachment A (Required Documentation) lists all documents that must be submitted with an application. Applicants are responsible for assuring that complete and accurate information is provided in their application and will be asked to certify that the information they have provided is accurate. Applications with incorrect information will not be eligible for awards, and applicants presenting false information risk disqualification and legal action.
- **Agree to Lock the Project Component(s) for Review.** When an applicant clicks the Submit button, the VW Administrator will lock project component(s) for review. While a project component is being reviewed, only the VW Administrator will be able to change details about it. If an update is needed, an applicant will need to contact the VW Administrator to coordinate any changes. The changes may require sending the project component back for revision and resubmission.

The VW Administrator will review any project component(s) submitted in an application after – and only after – the application has been deemed complete. After an application is deemed complete, the VW administrator will consider it “active” and put each of its submitted project components into a queue for evaluation and potential award based on its submission timestamp. From this point onward the application will remain open until the end of the solicitation or until information in the application is no longer valid.

## C. Adding Project Components to an Active Application

After an application is deemed complete, it will remain “active” as long as this solicitation is ongoing. Being “active” means that the application can be expanded by adding project components to the application and submitting them individually for VW Administrator review.

Adding project components to an application is the same as before. An applicant enters information in the Project Components section of the application and can still save, modify, and add that information as you go. Once an applicant has finished entering a project component and assured the accuracy of information about it, an applicant can click the Submit button at the bottom of the Project Component page to send this additional project component for review by the VW Administrator.

Adding a new project component to a complete application will not affect the position in the queue of any previous project components submitted for review. Each new project component will receive a timestamp upon submission and be put into the queue for evaluation accordingly. This means that project components added to an application may be in different spots in the queue for evaluation and award than project components submitted with the application. Insofar as possible, the VW Administrator will work with an applicant to bundle awarded project components into project and into the smallest number of contracts practicable.

As project components are submitted, the VW Administrator will review them as long as an application has not reached the \$10 million per applicant award cap.

## V. Evaluation and Award Proposal

Application evaluation begins with an evaluation of the completeness an overall application and continues for each added project component. Awards will be proposed after project proponents are evaluated against program requirements, as summarized below.

### A. Initial Screening of an Application.

Before evaluating an application's project components, the VW Administrator will screen a submitted application to assure its completeness and eligibility.

1. **Review for Application Completeness.** If information is missing, the VW Administrator will notify the applicant that its application is incomplete. An application that is sent back because of incomplete information will receive a new date stamp once the application has been resubmitted and will be placed in the queue for evaluation using the later date. For this reason, the VW Administrator encourages applicants to doublecheck that all required materials have been entered before submitting and locking an application or additional project components for review.
2. **Review of Applicant Eligibility.** The VW Administrator will review the eligibility of the applicant by looking up the applicant's regulatory compliance and funding history.
3. **Review of Project Eligibility and Location.** Under this solicitation at least 75% of funding will be awarded to project components that reduce emissions in the State's most impacted communities.<sup>20</sup> Project components that are not located in disadvantaged or low-income communities will be put into the queue for review as long as geographically unrestricted funds are available. If no such funds are available or if the program is oversubscribed, the VW Administrator will place eligible project components on a waitlist.

### B. Evaluation of Project Component Cost-Effectiveness.

After an application is deemed complete and eligible, the VW Administrator will evaluate each of its proposed project components based on the requested funding to determine its estimated NO<sub>x</sub> emission reductions. To be awarded the maximum funding, a project component must individually be able to reduce NO<sub>x</sub> emissions at a cost of \$280,000 per ton or less.<sup>21</sup> If a project component's cost-effectiveness exceeds this threshold, the VW Administrator may propose a reduced award so that the project component becomes cost-effective.

### C. Proposal of an Award.

After completing review of a project component, the VW Administrator will notify an applicant whether the project has satisfied the program's selection criteria. Project components selected for funding will be sent a Notice of Proposed Award (NOPA).

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<sup>20</sup> For vessel repower project components, a determination about location may be based on either the location where the vessel is domiciled or operated a majority of the time. For shore power projects, cost-effectiveness will be calculated based only on usage by oceangoing vessels that are not required by current regulation to reduce at-berth emissions from auxiliary engines.

<sup>21</sup> The methodology to calculate NO<sub>x</sub> emissions reductions is based on ten (10) years of operation and is further described in the Beneficiary Mitigation Plan's Appendix A. <https://ww2.arb.ca.gov/resources/documents/californias-beneficiary-mitigation-plan>.

D. Timeline for Application Review and Award.

The anticipated schedule for application review and award proposal is summarized in Table 3.

Table 3. Anticipated Timeline for Application Review and Award Proposal

<b>Key Actions</b>	<b>Tentative Dates</b>
Public Release of Solicitation and Opening of First-come, First-served Application	May 25, 2021, 10:00 AM PDT
Closing of Solicitation / Last Date to Submit an Application	September 22, 5:00 PM PDT
Applicant Webinars	Please refer to the VW website for Information about webinars and other resources
Initial Review and Determination of Completeness of Application	Within 14 days after submission of application
Evaluation of Application and, if suitable, Notice of Proposed Award (NOPA)	Within 60 days after submission of a complete application
Evaluation Timeframe for Additional Project Components and, if suitable, Notice of Proposed Award (NOPA)	Within 60 days after submission of each project component added to an open application
Proposed Contracts Sent to Awardees	Within 30 days after publication of NOPA
Deadline for Awardees to Return Signed contract to VW Administrator	Within 60 days from date the contract has been issued by VW Administrator
Contract executed and Notice to Proceed issued by VW Administrator	Within 14 days from date that VW Administrator receives the signed contract from Grantee
Inspections	May occur any time prior to grant contract execution and throughout the contract term
New Equipment is Delivered and Placed Into Service	New equipment for heavy-lift forklifts, CHE, and GSE must be placed into service and operational within 18 months of a Notice to Proceed. Copies of purchase order must be submitted within 3 months of a Notice to Proceed. Shore power and vessel repower projects must be placed into service and operational within 24 months of a Notice to Proceed. On a case-by-case basis, the VW Administrator may consider an applicant's requests for a longer implementation period.
Grantee Submits Annual Reports	Due by Feb 1 until the project has provided at least 3 years of operational data
Grantee Maintains Written Records of Equipment Purchased with Trust Funds	Duration of the contract term plus 3 years

## Appendix A: Documentation Required for a Complete Application

<b>Document</b>	<b>Requirements for scrap and replace project components</b>	<b>Requirements for shore power project components</b>
<b>Photos</b>	Photos of the existing equipment or marine vessel and engine tag(s).	Photos and an aerial map of the pier, harbor, or area showing where the shore power system will be installed.
<b>Ownership Records</b>	A bill of sale for the baseline equipment or alternative documentation (see Appendix B: Checklist for a Complete Application).	Documentation that the applicant owns or has guaranteed use of the land through a long-term lease, easement, or other legal arrangement, for the duration of the contract term. For project components where the land is not owned, provide an executed lease agreement or letter of commitment lasting for the duration of the project components. This documentation must be signed by the property owners or their authorized representatives.
<b>Insurance Documentation</b>	Documentation of liability insurance of not less than \$1,000,000 per occurrence, and property insurance in an amount not less than the insurable value of applicant's baseline equipment covering all risks of loss, damage and destruction to equipment.	Insurance documentation for the terminal property.
	Documentation or self-certification declaring self-insurance may be considered in lieu of private third-party insurance on a case-by-case basis.	
<b>Compliance Documents</b>	Documentation demonstrating compliance with CARB regulations applicable to all equipment owned by applicant, even if equipment is not included in this application. Examples of applicable compliance documents include: <ul style="list-style-type: none"> <li>• Diesel Off-road Online Reporting System (DOORS) documentation of fleet compliance (upload all pages of full document), including CARB's fleet calculator that shows the fleet's current compliance status</li> <li>• Commercial harbor craft reporting form</li> <li>• Certificate of Reported Compliance Truck and Bus Regulation</li> <li>• Additionally, for shore power any applicable terminal and vessel plans</li> </ul>	
<b>Activity/Usage Records for the existing Equipment</b>	Usage records with hour meter readings for twelve (12) consecutive months from 2019 or later. <sup>22</sup> If the equipment does not have a functional hour meter, provide fuel usage records.	Berth activity information for twelve consecutive months from 2019 or later. The activity information must include total vessel calls and a table that includes the following information for each vessel call: Lloyd's number for the vessels, vessel type, ship size (in twenty-foot

<sup>22</sup> Applicants must furnish usage records for baseline equipment to substantiate future usage proposals and to support cost-effectiveness calculations for a proposed project component. Applicants are strongly encouraged to assure that usage records and proposed future usage are reasonable as a basis for the required usage in a grant agreement. If a grantee operates funded equipment less than the minimum hours specified in a grant agreement or is otherwise unable to satisfy the project component's usage or project life requirements, the grantee may be required to repay grant funds.

		equivalent units (TEU) capacity, dead weight tonnage (DWT) or gross weight tonnage (GWT)), estimated power demand (total auxiliary power), average power requirement (kW) for the vessel while at berth, average berthing time of the vessel at the port per visit, estimate of time needed to connect and disconnect vessel from shore power equipment, type of fuel used in auxiliary engines, whether the vessel visit was subject to CARB's At Berth Regulation (y/n).
<b>CARB Executive Order(s)</b>	CARB Executive Order(s) for the existing engine(s) can be accessed at <a href="https://ww3.arb.ca.gov/msprog/offroad/cert/cert.php">https://ww3.arb.ca.gov/msprog/offroad/cert/cert.php</a> by selecting the applicable engine category and model year.	Not Required.
<b>New Equipment Quote</b>	A quote for the proposed new equipment. For airport GSE this quote must also include a quote for a new internal combustion equivalent piece of equipment in order to support the incremental cost value. For supportive infrastructure, the quote must also include a quote for the technology used to power (i.e., charge or refuel) the new equipment. Quotes must be dated within 60 days prior to application submittal date.	A budget that includes itemized cost information by phase (design, environmental, construction), and supporting estimates and quotes dated within 180 days prior to application submittal date.
<b>W-9</b>	<b>W-9</b> for the applicant.	

## Appendix B: Checklist for a Complete Application

1	<p>Domicile information for the baseline Equipment:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> For ferry, tugboat, or towboat projects, include homeport and berth/slip/pier information</li> <li><input type="checkbox"/> For shore power, include berth</li> </ul>
2	Total cost and grant funds requested for new equipment
3	Fleet compliance identification number and first compliance date
4	<p>Information about the baseline equipment:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Make, model, model year</li> <li><input type="checkbox"/> Serial Number or Hull number</li> <li><input type="checkbox"/> EIN or U.S. Coast Guard Documentation Number</li> <li><input type="checkbox"/> Forklifts: Lift Capacity</li> </ul>
5	<p>Baseline engine(s) information</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Hours of operation for twelve (12) consecutive months from 2019 or later</li> <li><input type="checkbox"/> Engine make, model, model year, serial number, horsepower, EPA family number, emissions tier</li> </ul>
6	<p>Information about the new equipment</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Type, make, model, model year</li> </ul> <p>For shore power projects: Estimated berth activity for eligible vessels.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> New number of vessel plug-ins per year</li> <li><input type="checkbox"/> Average berthing time of the vessel per visit (hours/visit)</li> <li><input type="checkbox"/> Shore power installation power rating (kW)</li> </ul>
7	<p>Replacement (new) engine(s) information</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Engine make, model, model year, horsepower or power rating, estimated future annual hours of operation</li> </ul>
8	An estimated date for new equipment to be operational
9	<p>For each piece of baseline equipment:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> A photo of the entirety of the baseline equipment</li> <li><input type="checkbox"/> A photo of the engine tag, correctly labeled for each engine, including the make, model, model year, serial number, horsepower, emissions tier, and family name</li> <li><input type="checkbox"/> A photo of the existing engine(s) hour meter reading</li> </ul> <p>For shore power projects:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> A photo of the berth where the shore power will be installed</li> <li><input type="checkbox"/> An aerial map of the berth where the shore power will be installed</li> </ul>
10	<input type="checkbox"/> Photo of existing engine(s) hour meter reading
11	<p><b>Ownership documentation for baseline equipment</b></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Bill of sale for the baseline equipment, or:</li> <li><input type="checkbox"/> If a bill of sale cannot be provided, instead provide documentation of ownership for the last twelve (12) consecutive months using at least one item in the following list: <ul style="list-style-type: none"> <li><input type="checkbox"/> Tax depreciation logs</li> <li><input type="checkbox"/> Property tax records</li> <li><input type="checkbox"/> Equipment insurance records that identify the equipment and equipment owner</li> <li><input type="checkbox"/> Bank appraisals for equipment</li> <li><input type="checkbox"/> Maintenance/service records</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li><input type="checkbox"/> General ledgers</li> <li><input type="checkbox"/> Fuel records specific to the existing equipment that identify the equipment owner</li> </ul> <p>For shore power projects:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Supporting documentation that applicant owns land or has guaranteed use of the land through a long-term lease, easement, or other legal arrangement, for duration of contract term</li> <li><input type="checkbox"/> For projects where land is not owned, an executed lease agreement or letter of commitment lasting for duration of the project components. Documentation must be signed by property owners or their authorized representatives.</li> </ul>
12	Insurance Documentation for the baseline equipment or terminal property
13	<p>Documentation demonstrating compliance with CARB regulations applicable to all equipment owned by applicant. Examples of applicable compliance documents include, but are not limited, to:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Diesel Off-road Online Reporting System (DOORS) documentation of fleet compliance, including CARB’s fleet calculator that shows the fleet’s current compliance status</li> <li><input type="checkbox"/> Commercial Harbor Craft reporting form</li> <li><input type="checkbox"/> Certificate of Reported Compliance Truck and Bus Regulation</li> <li><input type="checkbox"/> For shore power—any applicable terminal and vessel plans</li> </ul>
14	<p><b>Activity of Usage Records for Baseline Equipment</b></p> <p>Usage records with hour meter readings for twelve (12) consecutive months from 2019 or later. If the equipment does not have a functional hour meter, provide fuel usage records.</p> <p>For shore power projects: Berth activity information for twelve (12) consecutive months from 2019 or later. Additional records may be provided if calendar year 2019 or 2020 is not representative of anticipated berth activity over the next 3 years. Activity information must include total vessel calls and a table that includes the following information:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Total number of vessel calls</li> <li><input type="checkbox"/> Lloyd’s number for the vessels</li> <li><input type="checkbox"/> Vessel type</li> <li><input type="checkbox"/> Ship size (in TEU capacity, DWT, or GWT)</li> <li><input type="checkbox"/> Estimated power demand (total auxiliary power)</li> <li><input type="checkbox"/> Average power requirement (kW) for the vessel while at berth</li> <li><input type="checkbox"/> Average berthing time of the vessel at the port per visit</li> <li><input type="checkbox"/> Estimate of time needed to connect &amp; disconnect vessel from shore power equipment</li> <li><input type="checkbox"/> Type of fuel used in auxiliary engines</li> <li><input type="checkbox"/> Whether the visit was subject to CARB’s At-Berth Regulation (y/n)</li> </ul>
15	<p><b>Vendor Quote</b></p> <p>A vendor quote for the new equipment dated within 60 days prior to the application submittal date with the following information:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Contact information for the dealer or vendor</li> <li><input type="checkbox"/> Detailed information on the new equipment (make, model, manufacture year)</li> <li><input type="checkbox"/> Date of quote</li> <li><input type="checkbox"/> Total (including taxes and state fees)</li> <li><input type="checkbox"/> Cost of parts and materials, and labor</li> <li><input type="checkbox"/> Warranty information (including terms of coverage)</li> </ul>

	<input type="checkbox"/> Tax rate <input type="checkbox"/> Manufacturer specification sheet  <p>For any supportive infrastructure, include a vendor quote dated within 60 days prior to the application submittal date with all the same fields as above.</p> <p>For airport GSE projects: Must include two vendor quotes dated within 60 days prior to the application submittal date: one for a new zero-emissions Equipment and one for a new internal combustion equivalent piece of Equipment with all the same fields as above.</p> <p>For shore power projects: A budget that includes itemized cost information by phase (design, environmental, construction), and supporting estimates and quotes dated within 180 days prior to the application submittal date.</p>
16	Copy of CARB Executive Order for baseline equipment (e.g., existing engine(s))
17	For any supportive infrastructure, location of infrastructure, power rating, number of vehicle plug-ins per year, average number of collection time per plug-in, description of infrastructure, and number of chargers
18	Organization W-9

## Appendix C: Definitions

**“Airport Ground Support Equipment”** shall mean vehicles and equipment used at an airport to service aircraft between flights. GSE may perform a variety of functions that include one or more of the following: starting an aircraft, providing aircraft maintenance, fueling aircraft, transporting cargo to and from aircraft, loading cargo, transporting passengers to and from aircraft, handling baggage, servicing a lavatory, and providing food service.

**“All-Electric”** means powered exclusively by electricity provided by a battery, a hydrogen fuel cell, or an electricity grid.

**“Applicant”** means any person or organization submitting an application for funding.

**“Application”** refers to documentation that describes a Project and all of its Project Components that will reduce NO<sub>x</sub> emissions.

**“BAAQMD”** means Bay Area Air Quality Management District, the entity selected by CARB to administer the Zero-Emission Freight and Marine funding category.

**“Baseline Equipment”** means existing equipment that is being replaced and upgraded with zero-emission equipment. Baseline Equipment is part of a Project Component.

**“Beneficiary Mitigation Plan”** is the document that contains the eligible mitigation actions for California that CARB will fund from the State’s \$423 million allocation of the Environmental Mitigation Trust.

**“California Baseline”** means the mean lower low water line along the California coast, as shown on the following National Oceanic and Atmospheric Administration (NOAA) Nautical Charts as authored by the NOAA Office of Coast Survey, which are incorporated herein by reference:

1. Chart 18600, Trinidad Head to Cape Blanco (January 2002);
2. Chart 18620, Point Arena to Trinidad Head (June 2002);
3. Chart 18640, San Francisco to Point Arena (August 2005);
4. Chart 18680, Point Sur to San Francisco (June 2005);
5. Chart 18700, Point Conception to Point Sur (July 2003);
6. Chart 18720, Point Dume to Purisima Point (January 2005); and
7. Chart 18740, San Diego to Santa Rosa Island (April 2005).

**“CARB-Certified”** means a vehicle that has been certified and issued an Executive Order by CARB.

**“Cargo Handling Equipment”** – please see “Port Cargo Handling Equipment”

**“Component”** – please see “Project Component”

**“Consent Decree”** means the First Partial Consent Decree in “In re: Volkswagen ‘Clean Diesel’ Marketing, Sales Practices, and Products Liability Litigation,” MDL No. 2672 CRB (JSC) (Dkt. No. 2103-1), and the Second Partial Consent Decree in that case (Dkt. No. 3228-1).

**“Cost-effectiveness”** of a project component means the amount of funds awarded for each ton of NO<sub>x</sub> emissions reduced. For the purposes of this solicitation, only the NO<sub>x</sub> emitted directly from the tailpipe of the

old equipment will be included in the calculation of a project component's cost-effectiveness.

**"Disadvantaged Communities"** are defined by the California Environmental Protection Agency as the top 25% most impacted census tracts in CalEnviroScreen (current version is 3.0).

**"Eligible Mitigation Action"** means any of the actions listed in Appendix D-2 of the Environmental Mitigation Trust.

**"Environmental Mitigation Trust"** means the trust funded with Mitigation Trust Payments according to the terms of the First Partial Consent Decree and the Second Partial Consent Decree (jointly, the "Consent Decree").

**"Expend"** for the purpose of the ZEFM Program means the payment of funds on an invoice for an eligible vehicle, vessel, or piece of complementary infrastructure.

**"Equipment"** for the purpose of this solicitation means any of the following pieces of technologies: ferries, tugboats and towboats; airport ground support equipment (GSE); forklifts, port cargo handling equipment (CHE), infrastructure; and oceangoing vessel (OGV) shore power systems. There are two kinds of Equipment: New Equipment being put into service through a Project, and Baseline Equipment that is being scrapped and replaced through a Project.

**"Ferry"** means a harborcraft that has provisions for only deck passengers or vehicles, operating on a short run, on a frequent schedule between two points over the most direct water route, and offering a public service of a type normally attributed to a bridge or tunnel.

**"Forklift"** means off-road equipment used to lift and move materials short distances and generally includes tines to lift objects. For the purpose of this solicitation, eligible types of forklifts have greater than 8,000-pound lift capacity. Examples include reach stackers, side loaders, and top loaders with greater than 8,000 pounds lift capacity. Forklift projects do not need to be located at a port or airport.

**"Government"** means a State or local government agency (including a school district, municipality, city, county, special district, transit district, joint powers authority, or port authority, that owns fleets purchased with government funds), and a tribal government or native village.

**"Grantee"** means an applicant whose application is selected for an award.

**"Ground Support Equipment"** – please see "Airport Ground Support Equipment"

**"Infrastructure"** means technology needed to enable the use of zero-emission vehicles and vessel, such as a charging station for a battery-electric vehicle. This kind of technology is sometimes referred to a "complementary infrastructure" because it complements a vehicle or vessel technology that provides a mobility service. Infrastructure can be part of a Project Component.

**"Location"** refers to the geographic area where the beneficial impact of a Project occurs. Note that this location may be different than the domicile of the vehicle. Location is part of a Project Component.

**"Low-income communities"** are census tracts with median household incomes at or below 80 percent of the statewide median income or with median household incomes at or below the threshold designated as low

income by the Department of Housing and Community Development's list of state income limits.

**"Match funding"** means those funds contributed by Funding Recipient, or other entity for the sole purposes of covering the Eligible Costs.

**"Mitigation Action"** is any of the actions listed in Appendix D-2 of the Environmental Mitigation Trust.

**"New Equipment"** refers to the zero-emission technology that reduces NOx emissions being put into service to replace Baseline Equipment or existing infrastructure. New Equipment is part of a Project Component.

**"Oceangoing Vessel Shore power"** means power systems that enable a compatible vessel's main and auxiliary engines to remain off while the vessel is at berth.

**"Operational Period"** is the period during which funded equipment is maintained and operated to reduce NOx emissions.

**"Port"** is the property where marine and port terminals are located for loading and unloading of waterborne commerce onto and from oceangoing vessels. The term "port" does not include property owned by a port that is not related to or primarily used to engage in waterborne commerce.

**"Port Cargo Handling Equipment (CHE)"** means rubber-tired gantry cranes, straddle carriers, shuttle carriers, and terminal tractors, including yard hostlers and yard tractors that operate within ports.

**"Project"** means the set of project components submitted in an application. Each project component upgrades a piece of equipment and reduces emissions. A project may consist of one or more project components. An Application for funding may describe a project with only one or with more than one project component. Note that the scope and boundaries of a project and application are the same. The application describes the project, and the project upgrades technology to reduce NOx emissions.

**"Project Component"** means a combination of new equipment, complementary Infrastructure (if any) that supports the new equipment, baseline equipment, equipment Location that reduces NOx emissions, and timing of NOx reductions. A project component can be (i) the scrapping and replacing an airport GSE, port CHE, or forklift, (ii) the scrapping and replacing a marine engine to repower a ferry, tugboat, or towboat, or (iii) the installing of shore power at a berth.

**"Regulated California Waters"** means all of the following

1. all California internal waters;
2. all California estuarine waters;
3. all California ports, roadsteads, and terminal facilities (collectively "ports");
4. all waters within 3 nautical miles of the California baseline, starting at the California- Oregon border and ending at the California- Mexico border at the Pacific Ocean, inclusive;
5. all waters within 12 nautical miles of the California baseline, starting at the California- Oregon border and ending at the California- Mexico border at the Pacific Ocean, inclusive;
6. all waters within 24 nautical miles of the California baseline. Starting at the California-Oregon border to 34.43 degrees North, 121.12 degrees West; inclusive; and
7. all waters within the area, not including any islands, between California baseline and a line starting at 34.43 degrees North, 121.12 degrees West; thence to 33.50 degrees North, 118.58 degrees West; thence to 32.48 degrees North, 117.67 degrees West; and ending at the California-Mexico border at

the Pacific Ocean, inclusive

**“Repower”** means to replace an existing engine with a newer, cleaner engine or power source that is certified by EPA and, if applicable, CARB. For the purpose of this solicitation, repower includes, but is not limited to, combustion engine replacement with an electric power source (e.g. battery or fuel cell). All-Electric and hydrogen fuel cell Repowers do not require EPA or CARB certification.

**“Scrapping”** means to render inoperable and available for recycle, and, at a minimum, to specifically cut a 3-inch hole in the engine block for all engines. If any eligible vehicle will be replaced, scrapping also includes the disabling of the chassis by cutting the vehicle’s frame rails completely in half.

**“Shore power”** – please see “Oceangoing Vessel Shore power”

**“Tier 0, 1, 2, 3, or 4”** refers to the EPA engine emission classifications for non-road, locomotive, and marine engines.

**“Towboat”** means any self-propelled vessel engaged in or intending to engage in the service of pulling, pushing, or hauling alongside barges or other vessels, or any combination of pulling, pushing, or hauling alongside barges or other vessels.

**“Trust funds”** means VW Environmental Mitigation Trust funds.

**“Tugboat”** means dedicated vessels that push or pull other vessels in ports, harbors, and inland waterways (e.g., tugboats and towboats).

**“VW Administrator”** refers to the Bay Area Air Quality Management District (BAAQMD), who serves as the Statewide administrator for the Zero-Emission Freight and Marine Program.

**“Zero-emission”** means a vehicle or vessel that emits no pollutants from its source of onboard power when stationary and mobile. Battery-electric and hydrogen fuel cell power technologies are types of equipment that emit no pollutants when stationary and mobile. For the purposes of this solicitation, pollutants include carbon dioxide, carbon monoxide, hydrocarbons, oxides of nitrogen, and particulate matter.