

September 30, 2016

The San Diego County Air Pollution Control District (District) is pleased to announce the availability of funds from the State Goods Movement Emission Reduction Program (GMERP). The GMERP is a partnership between the State Air Resources Board (ARB) and local agencies (like air districts and seaports) to quickly reduce air pollution emissions and health risk from freight movement along California’s trade corridors. Projects funded under this Program must achieve early or extra emission reductions not otherwise required by law or regulation. Approximately \$500,000 in GMERP funding is available for owners of eligible commercial diesel harbor craft vessels used in freight movement to upgrade to cleaner technologies.

IMPORTANT: Funding may not be disbursed in 2016 for eligible projects due to the anticipated timeframe for project evaluation. Accordingly, applicants are highly encouraged to plan in advance to have all new equipment operational in 2016 and/or 2017 for compliance purposes, and to make sure their fleet is compliant with any requirements of the ARB Commercial Harbor Craft Regulation.

APPLICATION INFORMATION

WHO: Owners of commercial diesel harbor craft vessels involved in freight movement operations with: **1)** home port located within San Diego County, **2)** two years of at least 51% operation in California Coastal (and inland) Waters; and **3)** Tier 0, Tier 1, or Tier 2 existing diesel propulsion or auxiliary engine(s) for repower or replacement projects and Tier 3 or Tier 4 existing diesel propulsion engines for hybrid projects. Eligible vessel types include:

- Tugboats and towboats
- Crew and supply vessels
- Work boats
- Pilot vessels
- Marine spill response boats
- Oil boom boats
- Dive vessels supporting marine construction
- Commercial fishing boats with at least 700 operational hours per year

These vessel types are defined in section 93118.5, title 17, chapter 1, subchapter 7.5, California Code of Regulations (d) Definitions.

WHAT: There are four project options available as part of this solicitation.

1. Repower or replacement of tugboats/towboats and crew supply vessels
2. Repower or replacement of other vessels
3. Retrofit or replacement with Tier 4 engine
4. Retrofit or replacement with hybrid power system

Equipment specifications for these project options can be found in the most recent version of Appendix D of the GMERP Guidelines at: www.arb.ca.gov/gmbond

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HOW: Submit applications online through the County’s online Citizen Access system - <https://publicservices.sdcounty.ca.gov/citizenaccess/>. Fax submittals will not be accepted. Staff at the District will be available to help applicants use the online application system by appointment during the application period. Please contact the District at (858) 586-2600 or cleanairgrants@sdcounty.ca.gov if you have questions about the program, have difficulty with the online application process, or have a project that does not fit into the online application categories. Applications and all supporting documentation **must be received by the District by 4:00 pm on October 31, 2016.**

For general information or questions about the Program, please contact:

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FUNDING AMOUNTS

Table 1: Commercial Harbor Craft

Project Type	Existing Engine Tier Level	Replacement Engine Tier Level ¹	Maximum Funding Amount ^{2,3}
Repower/Replacement of Tugboat/Tow Boat, and Crew and Supply Boat	Tier 0, Tier 1, or Tier 2	Tier 3	Up to 50% of eligible cost or \$175/horsepower of the existing engine
Repower/Replacement of Other Vessels	Tier 0, Tier 1, or Tier 2	Tier 3	Up to 85% of eligible cost or \$300/horsepower of the existing engine
Retrofit/Replacement with Tier 4 Engine	Tier 0, Tier 1, or Tier 2	Tier 4	Up to 85% of eligible cost or \$450/horsepower of the existing engine
Retrofit/ Replace with Hybrid Power System	Tier 2 or Tier 3	Hybrid Power System	Up to 85% of eligible cost or \$380/horsepower of the old engine for a hybrid power system that reduced PM and NO _x emissions by 30% through retrofit or replacement of an eligible tugboat, towboat, or crew and supply vessel.

- ¹ Engine(s) must meet U.S. EPA marine emission standard (repower or replacement projects) or have certification/verification by EPA/ARB (Hybrid Power System). Tier 3 emission standards are defined in section 93118.5, title 17, chapter 1, subchapter 7.5, California Code of Regulations, Tables 1 through 3.
- ² Funding amounts will be based upon the lower amount between \$/horsepower and percent of eligible cost.
- ³ Vessel upgrades must achieve a minimum cost-effectiveness value of 0.10 pounds of weighted emissions reduced per State dollar invested for all project types, except hybrid power system option.

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Repower/Replacement of Tugboats/Towboats and Crew and Supply Vessels

Partial funding of **up to 50% of the eligible cost or \$175/horsepower of the old engine** (whichever is lower) to repower or replace an eligible vessels equipped with a Tier 0, Tier 1, or Tier 2 engine(s) with a Tier 3 engine(s) as described in the project options.

Available project options:

1. Repower existing Tier 0, Tier 1, or Tier 2 propulsion or auxiliary engine(s) with new engine(s) meeting U.S. EPA Tier 3 emission standards and make necessary vessel modifications to accommodate the new engine(s).
2. Replace a vessel with existing Tier 0, Tier 1, or Tier 2 engine(s) with a new vessel powered by engine(s) meeting the latest Tier 3 emission standards.

Eligible costs include purchase of replacement vessel (diesel or hybrid) or purchase and installation of a new engine or hybrid system including vessel modifications directly related to the new engine or system.

Repower/Replacement of Other Vessels

Partial funding of **up to 85% of the eligible cost or \$300/horsepower of the old engine** (whichever is lower) to repower or replace an eligible work boats or pilot vessels involved in goods movement, marine spill response boats or pilot vessels involved in goods movement, marine spill response boats, oil boom boats, dive vessels supporting marine construction and high-use commercial fishing vessels equipped with a Tier 0, Tier 1 or Tier 2 engine(s) with a Tier 3 engine(s) as described in the project options. Vessel upgrades must achieve a minimum cost-effectiveness value of 0.10 pounds of weighted emissions reduced per State dollar invested.

Available project options:

1. Repower existing Tier 0, Tier 1 or Tier 2 engine(s) with new engine(s) meeting U.S. EPA Tier 3 emission standards (or better) and make necessary vessel modifications to accommodate the new engine(s).
2. Replace an existing vessel which has marine or off-road Tier 0, Tier 1, or Tier 2 engine with a new vessel equipped with marine or marinized off –road Tier propulsion and auxiliary engine.

Eligible costs include purchase of replacement vessel (diesel or hybrid) or purchase and installation of a new engine or hybrid system including vessel modifications directly related to the new engine or system.

Retrofit/Replacement with Tier 4 Engine

Partial funding of **up to 85% of the eligible cost or \$450/horsepower of the old engine** (whichever is lower) to retrofit or replace with an eligible vessel equipped with a Tier 0, Tier 1 or Tier 2 engine(s) with a Tier 4 engine as described in the project options. Other vessel types may include work boats or pilot vessels involved in goods movement and high use commercial fishing vessels.

Available project options:

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1. Retrofit an existing Tier 0, Tier 1, or Tier 2 vessel with a Tier 4 propulsion or auxiliary engine(s).
2. Replace an existing Tier 0, Tier 1, or Tier 2 vessel with a Tier 4 propulsion or auxiliary engine(s).

Eligible costs include purchase of replacement vessel or purchase and installation of a new engine including vessel modifications directly related to the new engine or system.

Retrofit/Replacement with Hybrid Power System

Partial funding of **up to 85% of the eligible cost or \$380/horsepower of the old engine** (whichever is lower) for a hybrid power system that reduces PM and NO_x emissions by 30% through retrofit or replacement of an eligible tugboat, towboat, work or pilot boat, or high use commercial fishing vessel. An equipment owner may receive a grant to repower/replace a vessel under Option 1 or Option 2 and to add a hybrid power system on the same upgraded vessel under Option 3.

Available project options:

1. Retrofit an existing vessel with Tier 3 propulsion engine(s) with a hybrid power system, and make necessary vessel modifications to accommodate the new hybrid system.
2. Replace an existing vessel with a new vessel powered by a hybrid system that includes Tier 3 (or better) propulsion engine(s).

Eligible costs include purchase of replacement vessel (diesel or hybrid) or purchase and installation of a new engine or hybrid system including vessel modifications directly related to the new engine or system.

The hybrid power system must include a manufacturer's warranty for a minimum period of 5 years. Project eligibility is subject to an ARB staff determination that a hybrid power system installed on a vessel reduces PM and NO_x emissions by at least 30% each, compared to a similar vessel with the same operating hours, and a similar duty cycle, but without the hybrid system.

IMPORTANT NOTES:

1. Equipment owners must do the following at their own expense:
 - a. Agree to install an active GPS device (if 100% CA operation is selected on upgraded equipment), pay for data collection, and report location data or
 - b. Agree to install an active GPS device (if less than 100% California operation) is selected on the funded vessel; pay for monthly electronic service; and provide electronic monitoring and activity reports as requested by the local agency or ARB.
2. For complete Program requirements, please refer to the latest Program Guidelines and related supplemental materials listed on the Program website at www.arb.ca.gov/gmbond or call the Goods Movement Information Line (916) 44-GOODS (444-6637).
3. Applicants may request a reduced funding amount to improve the cost-effectiveness and competitiveness of their project.

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4. Eligible costs include purchase of replacement vessel (diesel or hybrid) or purchase and installation of a new engine or hybrid system including vessel modifications directly related to the new engine or system.
5. Ineligible costs include GPS devices and associated monitoring and reporting costs, out of service time (dry dock) costs, fuel, design, engineering, consulting, legal fees, license, registration, taxes, insurance, operation, maintenance, and repair.
6. Program-funded engine repower and vessel replacement projects shall be operational (post-inspection completed, except scrappage) at least one year prior to any regulatory requirement for that technology or level of emissions control.
7. Award of grant funding is contingent upon the availability of funds from the California Air Resources Board. In the event funds are not available, the District shall have no liability to pay any funds whatsoever or to furnish any other considerations.

IMPORTANT DEFINITIONS:

“Commercial Fishing Vessel”

Defined as a self-propelled vessel that is a commercial vessel dedicated to the search for, and collection of, fish for the purpose of sale at market or directly to a purchaser(s).

“Crew and Supply Vessel”

Defined as a self-propelled vessel that is used for carrying personnel and supplies to and from offshore and in-harbor locations, including vessels at anchorage, construction sites, and off-shore platforms.

“Goods”

Defined as having the same meaning in Commercial Code section 2105, which essentially requires that:

- A. The goods must be movable.
- B. The goods being moved must be part of a transaction that involves a contract for the sale of the goods.

“Homeport”

Defined as the port in which a vessel is registered or permanently based.

“Pilot Vessel”

Defined as a vessel designed for, but not limited to, the transfer and transport of maritime pilots to and from ocean-going vessels while such vessels are underway.

“Work Boat”

Defined as a self-propelled vessel that is used to perform duties such as fire/rescue, law enforcement, hydrographic surveys, spill/response, research, training, and construction (including drilling).

“Tugboat”

Defined as any self-propelled vessel engaged in, or intending to engage in, the service of pulling, pushing, maneuvering, berthing, or hauling alongside other vessels, or any combination of pulling,

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pushing, maneuvering, berthing or hauling alongside such vessels in harbors, over the open seas, or through rivers and canals.

“Towboat”

Defined as 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.

ELIGIBILITY

Project eligibility will be based on the GMERP Guidelines which can be found at: www.arb.ca.gov/gmbond. Eligible commercial harbor craft are the only projects that will be funded under this solicitation.

In order to be eligible for funding, the equipment owner must demonstrate:

- Vessel home port located within San Diego County
- Two years of operation in California Coastal (or inland) Waters (see map on last page)
- Tier 0, Tier 1, or Tier 2 existing diesel propulsion or auxiliary engine(s) for repower or replacement projects and Tier 3 or Tier 4 existing diesel propulsion engines for hybrid projects.
- Additional requirements specific to certain project options can be found in the most recent version of Appendix D of the Program Guidelines available at: www.arb.ca.gov/gmbond.

Please visit <http://www.arb.ca.gov/ports/marinevess/harborcraft.htm> for information on ARB’s Commercial Harbor Craft Regulation.

General Requirements (applicable to all project options)

Selected applicants must commit to the following:

- 5 years of home port operation in the San Diego/Border trade corridor.
- Commit to at least 51% operation within California Coastal (and inland) Waters
- Scrap old engine or vessel (as applicable).
- Agree to equipment inspections.
- Comply with record-keeping, reporting, and audit requirements.
- Sign a legally binding contract with the District including project milestone and completion deadlines.
- Demonstrate proof of insurance on upgraded or replaced equipment.
- Properly maintain upgraded equipment in good operating condition and according to manufacturer’s recommendations.
- Secure warranty and maintain insurance on the new equipment sufficient to repay the District’s investment in case of major damage. Hybrid power systems must include a manufacturer’s warranty for a minimum period of 5 years.
- Certify that there are no outstanding ARB violations associated with the equipment or the owner.
- Adhere to all Program requirements during the project life.
- Ownership of the existing equipment shall not change from the time an equipment project application is submitted to invoice payment.

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- Program-funded projects must be purchased and operational (i.e. post-inspected, except scrappage) prior to the any applicable ARB regulation requirement or compliance date.
- Agree and acknowledge that the District may release the information the application contains to third parties if required by state and federal public records laws;
- Program funding shall only be used to pay down the capital cost of the new equipment.
- Any tax obligation associated with the funding award is the responsibility of the equipment owner (grantee). Equipment owners receiving funding may be issued a 1099-G form by the implementing agency for the awarded amount if required.
- Any other program provisions described in the Program Guidelines.

APPLICATION SUBMITTAL REQUIREMENTS

An equipment owner **cannot** submit an application for the same vessel to multiple agencies. Equipment owners who are found to have submitted multiple applications for the same equipment project and not disclosed any other requested, or received financial incentive may be disqualified from funding for that engine or piece of equipment under this Program. The equipment owner may also be prohibited from submitting future applications to any and all CARB incentive programs, or local agency incentive programs.

Equipment owners **cannot** substitute a different vessel or change the ownership of the existing vessel identified on the application after the solicitation period has closed.

The equipment owner may be allowed to re-apply for equipment project funding if a previous application for the same project has been rejected and is no longer being considered by a local agency for funding.

EQUIPMENT PROJECT PURCHASE RESTRICTIONS

An equipment owner **may not** purchase, receive, install, pay for, or place into operation any engines, equipment, or replacement vessels, nor may work begin on a repower, replacement, or hybrid power system, until the project contract is fully executed. An equipment owner may pre-order prior to contract execution at the equipment owner's risk. The District **will not** reimburse equipment project applicants for orders or any payments on a new engine, piece of equipment, hybrid power system, or replacement vessel that takes place prior to District approval of the project through contract execution.

Dealers ordering engines, equipment, hybrid power systems, or replacement vessels, prior to contract execution assume all financial risk, and are in no way assured grant funds.

PAYMENT PROCESS

The District shall expend Program funds through Invoice Payment. Invoice payments provide Program funding to equipment owners on a reimbursement basis.

Award of grant funding is contingent upon the availability of funds from the California Air Resources Board. In the event funds are not available, the District shall have no liability to pay any funds whatsoever or to furnish any other considerations.

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Funding may not be disbursed in 2016 for eligible projects due to the anticipated timeframe for project evaluation. Accordingly, applicants are highly encouraged to plan in advance to have all new equipment operational in 2016 and/or 2017 for compliance purposes, and to make sure their fleet is compliant with any requirements of the ARB Commercial Harbor Craft Regulation.

Invoice Payments

Reimbursement may only occur after the new equipment has passed a post-inspection and the District has received from the equipment owner a valid invoice package for the fully operational new engine, equipment, hybrid power system, or replacement vessel. The District may reimburse the equipment owner upon submission of a valid invoice once the following requirements have been met:

- Equipment owner must deliver the old engine(s) or vessel(s) to a dismantler within 30 calendar days of receiving the new fully operational equipment.
- The District must verify with the dismantler that the old equipment has been delivered and is in custody of the dismantler. The District will verify that the old equipment is scrapped to meet Guideline requirements.
- The equipment owner shall submit proof of minimum 1-year major component engine warranty covering parts and labor for the new equipment.
- Equipment owner must submit proof of insurance on the new equipment.
- Equipment owner must submit proof of payment and a copy of the original invoice from the vendor or dealership. Additional information may be required by the District.
- Reimbursement to equipment owners cannot exceed the amount directly paid by the equipment owner.

For complete reimbursement payment information, please refer to the latest Program Guidelines and related supplemental materials listed on the Program website at www.arb.ca.gov/gmbond

PROJECT EVALUATION AND COMPETITIVE RANKING

Complete applications will be evaluated by the District and posted on a competitive rank list on the District's website to determine grant eligibility based on availability of funds. Projects will be ranked based on cost effectiveness and the emissions reduced within 24 nautical miles of the California coast. For complete information regarding project evaluation and the competitive ranking process, please refer to Chapter IV of the 2015 Program Guidelines found on the ARB Program website at www.arb.ca.gov/gmbond.

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ANNUAL REPORTING REQUIREMENTS

Equipment owners that are awarded funding will be responsible for annual reporting to the District. The equipment owner shall submit annual reports for the equipment project life. The equipment owner's annual report shall include, but is not limited to:

- Contact information (owner name, company, address, phone).
- Home port.
- Vessel type.
- Vessel identifier (e.g., USCG documentation number, DFG license number, IMO number, or other relevant vessel identifier).
- Engine make, model, year, serial number, and engine horsepower.
- Annual engine hours of operation within 24 nautical miles.
- Annual engine hours of operation within California Coastal (and inland) Waters.
- For hybrid options, annual hybrid power system hours of operation.
- Percent of operation within 24 nautical miles.
- Percent of operation within California Coastal (and inland) Waters.
- Percentage of annual travel within each of the four California trade corridors:
 - Bay Area trade corridor.
 - Central Valley trade corridor.
 - Los Angeles/Inland Empire trade corridor.
 - San Diego trade corridor.
- Summary of maintenance and inspections conducted.
- Signed certification statement that the bond-funded equipment was installed on or replaced the vessel for which it was approved and that all information submitted to the local agency is true and accurate.
- Other information as requested by the District.

USEFUL RESOURCES

- CARB Goods Movement Emission Reduction Program:
<http://www.arb.ca.gov/bonds/gmbond/gmbond.htm>
- CARB Commercial Harbor Craft website:
<http://www.arb.ca.gov/ports/marinevess/harborcraft.htm>
- San Diego County Air Pollution Control District – Grants and Incentives:
<http://www.sdapcd.org/homepage/grants/grants.html>

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TRADE CORRIDOR MAP



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CALIFORNIA WATERS MAP (note: chart is not to scale)

The California Coastal Waters boundary ranges from approximately 25 miles of the coast at the narrowest to just over 100 miles at the widest. Distances shown are approximations.

