2009-10 Grant Proposal Solicitation

Air Quality Improvement Program (AQIP)

ADVANCED TECHNOLOGY DEMONSTRATION PROJECTS:
ADVANCED LOCOMOTIVE AFTERTREATMENT TECHNOLOGIES

Mobile Source Control Division
California Air Resources Board
March 30, 2010
SUMMARY

The Air Resources Board (ARB or Board) is issuing this solicitation for up to $800,000, encompassing one to four independent projects, for demonstration and administration of advanced aftertreatment technologies for use on existing medium-horsepower locomotives. This solicitation is focused at the first of two approved projects for the locomotive demonstration category. This solicitation is issued under the Assembly Bill 118 (AB 118) Air Quality Improvement Program’s (AQIP), Advanced Technology Demonstration Project and is intended to fund technologies on the cusp of commercialization with the potential for significant reductions in criteria and toxic air pollutants. The issuance of the remaining locomotive category demonstration project solicitation, dealing with new cleaner locomotive engines for up to $800,000, will be issued at a later date. This competitive solicitation is open to local air districts or other public agencies that demonstrate the requisite technical and administrative expertise. All work must be completed within two years post grant award. Specific tasks are outlined within this solicitation. The proposal deadline for this solicitation is May 28, 2010.

BACKGROUND

In 2007, Governor Schwarzenegger signed into law the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (AB 118, Statutes of 2007, Chapter 750). The Act created the AQIP, a voluntary incentive program administered by ARB, to fund clean vehicle and equipment projects, air quality research, and workforce training. ARB’s appropriation for AQIP projects in the Fiscal Year (FY) 2009-10 State Budget is $42.3 million1. Based on projected revenues for the AQIP in FY 2009-10, ARB estimates about $30 million will be available for grants.

In April 2009, ARB adopted the AQIP Guidelines and the AQIP Funding Plan for FY 2009-10 (Funding Plan). The AQIP Guidelines establish minimum administrative and implementation requirements for the AQIP, while the Funding Plan serves as the blueprint for expending FY 2009-10 AQIP funds. The Funding Plan focuses the AQIP on supporting development and deployment of the advanced technologies needed to meet California’s longer-term, post 2020 air quality goals, and directs about 21 percent of FY 2009-10 AQIP funds to Advanced Technology Demonstration Projects.

1 In the AB118 Air Quality Improvement Program Funding Plan for Fiscal Year 2009-10, the Board approved $2 million for the Locomotive Demonstration Projects based on a $42.3 million appropriation for AQIP projects in the proposed State Budget. The Funding Plan included provisions to scale funding targets proportionally based on the final budget allocation. Projected revenue for the AQIP in FY 2009-10 is estimated to be about $30 million rather than $42.3 million, therefore Locomotive Demonstration Projects funding has been adjusted to $1.6 million total for both projects.
ARB’s goal under the Advanced Technology Demonstration Projects is to fund emerging strategies that are near deployment (less than three years from commercial application and past the initial research and development stage); and that have the potential of providing real and surplus cost effective emission reductions in criteria and toxic air pollutants, with greenhouse gas reductions as a possible co-benefit. A significant investment of AQIP funds in the locomotive category can yield large emission reductions, and accelerate implementation of new cleaner technologies in this transportation sector. The April 2009 Board approved Funding Plan allows for the following two types of locomotive demonstration projects:

- Demonstration of advanced aftertreatment technologies for use on existing medium-horsepower locomotives.
- Demonstration of new, cleaner locomotive engines that meet or exceed the Low-Emitting Locomotive emission level (4.0 g NOx per bhp-hr and 0.1 g PM per bhp-hr)

This competitive solicitation is the first of two grant opportunities to be awarded for locomotive projects and will be focused on the demonstration of advanced aftertreatment technologies. The second solicitation is planned for release in early 2010 and will cover the demonstration of new, cleaner locomotive engines.

NEED FOR EMISSION REDUCTIONS FROM LOCOMOTIVES

In December 2009, after an extensive public evaluation, ARB staff presented to the Board the Technical Options to Achieve Additional Emissions and Risk Reductions from California Locomotives and Railyards document. The purpose of this document is to provide a sound technical basis guiding the discussion on how best to achieve emissions reductions of oxides of nitrogen (NOx) and diesel particulate matter (PM).

Emissions from locomotives operating in California have been determined to elevate the exposure of cancer causing diesel PM in the area’s surrounding major railyards. Staff estimated in the technical options document that maximum individual cancer risks were as high as 500 to 2,500 in a million near some of the States major railyards. A mid-term (up to 10 years) option identified in the technical options document is the retrofit of existing locomotives to reduce the emissions of diesel PM. Installing retrofits on locomotive engines to capture and oxidize diesel PM before being emitted into the atmosphere can provide real emission reductions, benefiting the citizens living near railyards and operating locomotives.

In line with the guiding principles of the Funding Plan and with a modest investment of AQIP demonstration project funds we can provide added momentum toward reducing peoples exposure to criteria and toxic air pollutants by accelerating the introduction of advanced aftertreatment technologies to reduce emissions from locomotives.

Advanced aftertreatment technologies still face some technological hurdles. Sizing and durability are some of the issues that need to be overcome with locomotive retrofits. To
date, neither the ARB nor the United States Environmental Protection Agency (USEPA) has verified any aftertreatment devices for locomotives. Major locomotive engine manufacturers are currently developing and testing aftertreatment devices to meet future Tier 4 off-road engine standards. The specific timing of this AQIP solicitation adds to the synergy of recent technological development and pushes the envelope for aftertreatment retrofits on existing locomotives operating in California communities.

ELIGIBILITY

The ARB is soliciting proposals for a Grantee to administer and implement the demonstration project for advanced locomotive aftertreatment technologies. This competitive solicitation is open to local air districts or other public agencies to act as the lead agency providing administration and oversight for the demonstration project. Interested private sector parties, i.e. technology demonstrators must partner with an air district or other public agency in submitting a demonstration project application.

An air district or other public entity can request demonstration project funds, without an identified technology demonstrator, with a commitment to solicit for an advanced aftertreatment locomotive project once funds are secured from ARB via this competitive solicitation process.

If a public agency is selected as the Grantee, it will be required to submit a resolution of the agencies Governing Board prior to execution of the Grant Agreement that commits the district to comply with the Advanced Technology Demonstration Project requirements and authorizes the district to accept the grant funds from ARB. If a match is committed, the board resolution shall authorize the Air Pollution Control Officer or other legally authorized official to supply sufficient funding to meet the stated match commitment.

ELIGIBLE PROJECTS/SCOPE OF WORK

This solicitation covers administration and demonstration of projects for advanced aftertreatment technologies for use on existing medium-horsepower locomotives in California. Projects funded under this solicitation must be within three years of commercialization.

The Grantee will be responsible for administration of the demonstration project and its major roles will include:

- Submission of Demonstration Project Application to ARB
- Administration of the Project
- Oversight of Technology Demonstrator
- Report to ARB on Project Status and Grant Performance
- Submission of Periodic Reports and Grant Disbursement Requests to ARB
The Technology Demonstrator’s major roles in the demonstration project will include:

- Team with Air District or other Public Agency to Develop Demonstration Project Application
- Provide the Technical Expertise in Performance of the Demonstration
- Timely achievement of Stated Demonstration Project Goals
- On-Time Reporting to the Grantee on Project Status and Grant Performance

For the purpose of this solicitation, advanced aftertreatment technologies are devices that reduce the emission of oxides of nitrogen and/or diesel particulate matter, post combustion, and can include, but are not limited to, diesel particulate filters, selective catalytic reduction devices, or diesel oxidation catalysts alone or in combination, installed on existing medium horsepower locomotives with a combined horsepower range between 1,006 hp to 4,400 hp depending on type of service. Typical horsepower (hp) ranges for some service types are shown below:

- Switchers: 1,006 hp to 2,300 hp
- Switchers and Local Road Service: 2,301 hp to 2,999 hp
- Helpers and Short Haul Service: 3,000 hp to 3,299 hp
- Intrastate Line Haul Service: 3,300 to 4,400 hp
- Passenger Locomotives: 3,000 hp to 4,000 hp

This solicitation may fund such activities as pilot demonstrations, the construction and deployment of prototypes, emissions testing, and practical demonstrations of technologies with a high potential to be commercialized. It may not be used to fund basic research, design-only projects, commercial production, or marketing activities. Field applications as demonstrations of practical utility are required.

Reproducible emission testing to verify the emission benefits of the advanced aftertreatment device will be required to be performed and described in the final report, including the anticipated cost effectiveness of the advanced aftertreatment device once introduced into the market place. The emission testing procedure used to verify emission reductions should be cited in the project narrative.

The advanced aftertreatment technology must have an identifiable potential market and reasonable economics, and its commercialization should provide economic benefits to California.

Progress reports from the Technology Demonstrator shall be submitted, at a minimum of three month intervals, to the Grantee. The Grantee is responsible to forward the progress reports unaltered to the ARB within 7 business days. Additionally, every grant disbursement request shall be accompanied by a progress report that documents the time interval seeking disbursement for and the completion of specific project milestones including any specific deliverables as defined for that milestone.
A final report will be required to be submitted from the Grantee and Technology Demonstrator at the conclusion of the demonstration project. The demonstration project will not be complete until the final report has been accepted by the ARB. The format of the final report will be agreed to in advance by the grantee, Technology Demonstrator and the ARB. The final report will include, but will not be limited to, a summary of the progress reports, provide any deliverables that were committed to in the project proposal and will detail the results from any emission testing performed.

AVAILABLE FUNDING

The total funding available through this solicitation for the Advanced Technology Demonstration Project’s Advanced Locomotive Aftertreatment Technologies is up to $800,000 depending on the availability of State funds. However, ARB reserves the right to increase the total grant amount, up to the $1 million as approved in the Funding Plan, without rebidding for Grantee(s), if State revenues are higher than currently projected. The estimated number of projects selected for funding is anticipated to be between one and four projects. Administrative costs may not exceed 10 percent of the total cost budget for the proposal and only 10 percent of AQIP funds may be used for administrative purposes.

REQUIRED MATCHING FUNDS

The applicant match is required to be a minimum of 50 percent of the total project budget. Of the 50 percent required match, 10 percent of funds must be committed by the applicant or demonstrator (exclusive of providing in-kind contribution). Match funding must be provided in the following manner:

1. A minimum of 10 percent from the applicant or demonstrator
2. Up to 40 percent through some combination of in-kind contributions such as labor, equipment, materials, equipment transportation, private financing and federal or state funds.

Project facilities, laboratories, or property will not be considered as part of a proposed in-kind match whether owned or leased by the Grantee or Technology Demonstrator.

If a third party, (i.e., a party other than the grantee or technology demonstrator) proposes to provide any part of the required match, the applicant must include a letter from each third party stating that it is committed to providing a specific dollar value of cost sharing and the source of such funds. An applicant and its partners must demonstrate technical and fiscal resources sufficient to meet their cost share commitment and complete the proposed project.

PROPRIETARY INFORMATION AND INTELLECTUAL PROPERTY

ARB can keep confidential, only certain types of information provided in proposals that have been submitted in response to solicitations. Data on actual emissions to the air
cannot be protected from disclosure. Any information determined to be a trade secret or otherwise exempt from disclosure under the Public Records Act or other provisions of law must be labeled “confidential.” Review Appendix A, Section D for procedures for handling confidential information. If you wish to include confidential information, you must:

- Complete the Confidentiality Provision (Appendix A, Section D) and attach it to your proposal
- Separate confidential pages from the other elements of the proposal (do not include any confidential information in the main proposal)
- Clearly label every confidential page as “CONFIDENTIAL”

Proposals will be reviewed by ARB staff and may include reviewers outside the ARB associated with public universities in California and other State government agencies as needed, all of which can protect confidential information according to confidentiality agreements with ARB. In the proposal, at the point where the information would appear if it were not confidential, please indicate its existence under the separate cover. Please provide the name, address, and telephone number of the individual to be contacted if ARB receives a request for disclosure of the information claimed as confidential.

APPLICATION REQUIREMENTS

Eligible applicants must meet all applicable requirements of State law, the AQIP Guidelines, Funding Plan, and this solicitation. To be considered for the grant award, applicants must complete the project application and demonstrate that they meet the required solicitation elements. ARB may request clarification regarding application responses during the application review process.

Please enclose with your proposal any documents (or pertinent excerpts) that you cite in support of performance claims in your proposal. However, do not include materials that are not needed to supply the information requested in these instructions. ARB will not review patent documents, engineering drawings and specifications, or promotional materials.

APPLICATION PROCESS

The application packet contains the application and information necessary for submittal of a complete application. ARB shall select Grantee(s) in compliance with the AQIP Guidelines, this solicitation and applicable State law. Demonstration project Grantee selection will be based upon the scoring criteria identified in this solicitation.

If you need this document in an alternate format or language, please contact Johanna Levine at (916) 324-6971 or jlevine@arb.ca.gov. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.
Four signed original copies and one CD of the application, including all the required documents, in MS Word 2003 or PDF format, must be received at the Air Resources Board headquarters at 1001 I Street, Sacramento, CA 95812.

Applications submitted by U.S. Postal Service mail must be postmarked by May 28, 2010. Items delivered by UPS, Express Mail, Federal Express or another delivery service provider (other than U.S. Postal Service) must be received by the delivery service provider by May 28, 2010 at 5 p.m. (delivery service provider tracking number may be used to verify date of receipt). Applications must be mailed to the following address:

Johanna Levine
Air Resources Board
Mobile Source Control Division
1001 I Street, P.O. Box 2815
Sacramento, CA 95812

Please send an email to Johanna Levine at jlevine@arb.ca.gov identifying that you have submitted an application. ARB will confirm with the applicant that the application was received.

No applications may be submitted by fax or email.

Solicitation Timelines
Public Release of Solicitation    March 30, 2010
Applicant Workshop            April 27, 2010
Application Deadline          May 28, 2010 5:00 PM
Review/Rating of Applications       June 1- June 11, 2010
Grantee Selected               June 14, 2010

Timelines are subject to change at ARB’s sole discretion.

Applicants Workshop

ARB will hold an Applicants Workshop at which time staff will be available to answer questions potential applicants may have regarding eligibility, application completion and other issues.
The Applicant Workshop and conference call will be at:

Date: April 27, 2010
Time: 1:30-3:00 PM
Place: Cal/EPA Headquarters
       1001 I Street, Sacramento
       Conference Room 2410

Call-in Number: 1-888-456-0337
Passcode: 31910

The workshop will be open to all interested entities. A call-in phone number is provided for those unavailable to attend in person. The intent of the workshop is to provide potential applicants with an opportunity to ask clarifying questions regarding general application or applicant requirements or terminology definitions. Written questions submitted before the workshop will be given priority. Questions may be e-mailed to Mr. Earl Landberg at elandber@arb.ca.gov and may be submitted up to 5 p.m. two days prior to the workshop. The questions and answers from the workshop and any questions received via e-mail by 5 p.m. on April 26, 2010 will be posted on the ARB website no later than 5 p.m. on May 4, 2010. ARB will not answer questions regarding this solicitation after the Applicant Workshop. Any verbal communication with an ARB employee concerning this solicitation is not binding on the State and shall in no way alter a specification, term or condition of the solicitation.

APPLICATION CONTENT AND ORGANIZATION

The ARB strongly encourages applications to be accurate, brief and clear. Applications will be initially screened for completeness. The application packet for this solicitation is included in Appendix A, and includes the following elements:

A. Applicant Information and Qualifications
B. Project Description
C. Proposed Budget
D. Confidentiality Provision
E. Letters of Commitment

Completed applications should be assembled in the above order when submitted.

EVALUATION AND SCORING

The ARB will evaluate each application based on the criteria described below, the maximum score is 100 points. Qualified applicant(s) with the highest overall score(s) will be selected for funding. If more than one project is to be funded under this solicitation the total amount funded for all projects will not exceed $800,000. If more than one project is selected for funding and the total for both projects exceeds
$800,000, ARB will award to the highest scored proposal, the remaining dollars, if any, may be awarded to the next highest scored proposal based on the funding available. ARB may negotiate the terms for any remaining funds based on the funding limitation. If no agreement can be reached, ARB may negotiate with the next highest scored proposal until an agreement is reached. If no agreement can be reached, ARB reserves the right, in its sole discretion throughout this process to not award a grant and redirect the funds to other AQIP projects.

Successful applicants will be required to sign a grant agreement with ARB to fulfill the administrative duties and technical duties associated with the project (see Appendix B for a Sample Draft Grant Agreement)

In any event, if in the ARB’s sole discretion no submitted proposal meets the goals of this solicitation, Funding Plan or AQIP Guidelines, no selection of a Grantee or Technology Demonstrator will be required to be made and funding can be directed to another project in the Funding Plan as needed.

Summary of Scoring Criteria for Demonstration Projects

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The PROJECT NARRATIVE must separately address each of the scoring criteria listed below; see instructions for the project narrative in Appendix A Section B.

**1. Relevance to the Solicitation Objective and Potential Emission Reduction Benefits** 20 Points

- Describe how the project meets ARB’s goal under the Locomotive Advanced Technology Demonstration Projects as described in this solicitation and the Funding Plan.
- Describe the estimated cost effectiveness of the technology to the extent practical in dollars per ton of criteria pollutant reduced using current Carl Moyer Program methodology. This methodology, relevant tables and instructions are included in
Appendix C of this solicitation. Provide a clear and concise description of the methodology employed in determining any potential greenhouse gas emission reductions.

- Describe the utility of the innovative technology to help California achieve its air quality goals.

2. **Budget, Match Funding and In-Kind Services**  
   **15 Points**

- Provide a clear and concise project budget that lists all expenditures for the project in a logical sequence that leads to on-time completion of the project. See sample budget in Appendix A, page A-7.

- Demonstrate that the applicant and/or technology demonstrator will be financially capable of providing the minimum 50 percent match requirement of the total project budget (including the 10 percent cash requirement exclusive of in-kind contributions).

- Describe each financial contribution to the project, in addition to describing other current and pending funding sources for the required cost share match. Identify if all or a portion of the match funding is dependent upon successful grant award under any other solicitation.

- Attach Letter(s) of Commitment from each third party (i.e., a party other than the organization submitting the application) stating that it is committed to providing a specific minimum dollar amount of cost sharing. Letters must be signed by the person authorized to commit the expenditure of funds by the entity.

3. **Work Plan**  
   **10 Points**

- Provide a concise statement of the specific goals and objectives of the proposed project.

- In a logical sequence, describe the tasks necessary to prepare for and conduct a practical demonstration of the innovative technology. Tasks should be divided into the phases of the project, as appropriate, and described in enough detail for reviewers to understand the scope of the work.

- Provide quantitative milestones for each budget period of the project, and identify them with a title and planned completion date. The general duration for each task should be specified.

- Identify the test sites, data to be collected, the conditions under which they will be collected, and the test methods.

- Indicate the budget and source of funding for each task and what entity (applicant or industry partner) will perform the task.
• Identify the resources (e.g., equipment, machine and electronic shops, field and laboratory facilities, materials, etc.) to be used at each performance site listed. Describe only those resources that are directly applicable to the proposed work. List important items of equipment already available for this project. If proposing an equipment acquisition, describe comparable equipment, if any, already at your organization and explain why it cannot be used.

4. **Technology and Innovation**  
   15 Points

• Identify and describe the technological innovation that is the basis for the proposal. If the innovation is a component of a device or process, also describe the device or process. Descriptions should be understandable to reviewers who are not expert in the field. Cite (but do not include) patents if needed. Describe exactly what part of the technology is innovative, how it is innovative, and how it works.

• Explain the technical advantages of the innovation and document performance claims.

• Describe what type of emission testing has already been done in relation to locomotive engine retrofits and what types of devices have already been installed on locomotive engines.

5. **Application Completeness**  
   10 Points

• Applications that are clear, concise, and include all the requested information will be scored higher than those that are unclear or missing information.

6. **Potential for Market Penetration and Commercialization of the Technology**  
   10 Points

• Define target markets and explain why the targeted industries would buy the innovation after a successful demonstration project. Both markets within and outside of California should be considered.

• Describe the recent and expected growths of the targeted industries.

• Identify the specific market niche for the proposed technology and describe its size and potential for growth.

• Describe any specific barriers to entry or expansion.

7. **Environmental Justice**  
   5 Points

• Explain how the proposed project, and the expected commercialized outcome of the project technology, will benefit at risk communities or populations in environmental justice areas. Proposed projects with the potential to benefit environmental justice communities that can demonstrate how the potential project would address the
ARB’s Environmental Justice policy will be scored higher. The ARB’s Environmental Justice policies can be found at: http://www.arb.ca.gov/ch/programs/ej/ejpolicies.pdf

8. **Project Team Capabilities and Degree of Rail Industry Collaboration**  

10 Points

- Describe the roles and the work to be performed by each of the project’s key participants, including project administration, project planning, field testing, and data collection and reporting.
- Describe the administrative and technical qualifications and capabilities of key personnel, such as education and training, research and professional experience, publications (patents, copyrights, and software systems may be provided in addition to or substituted for publications), and ability to administer similar air quality programs.
- Describe the applicant’s relationship and degree of collaboration with rail industry partners on the proposed project. Describe what business alliances and partnerships will be involved in commercialization.

9. **Timeline for Project Completion**  

5 Points

- Provide a project schedule including the milestones as described in the “Project Objectives and Workplan” section. Both a tabular and graphic display (such as a Gantt chart) of the project schedule is preferred, but at a minimum a tabular display is required. Information must include task duration, start and completion dates, in addition to the milestones.
- Demonstrate that work will be accomplished within 2 years post grant award.

**IMPLEMENTATION PROCESS**

**Meetings**

Before work begins, a kick-off meeting will be held in Sacramento between the Grantee, Technology Demonstrator and the ARB project management staff. The purpose of this meeting will be to discuss the work plan, details of task performance, the project schedule, any changes to the project team, and any issues that may need resolution before the ARB-funded work begins. Meetings to discuss progress will be held at least quarterly, with telephone conference calls being acceptable upon approval of the ARB grant liaison. Site visits by ARB staff may be required at ARB’s sole discretion. A final meeting, or conference call pending ARB grant liaison approval, will be held at the conclusion of the project to review the results and discuss the status of commercialization plans.
Project Funding Procedure

In order to receive a disbursement, the Grantee must submit a grant disbursement request to ARB. The grant disbursement request form must be signed by the party authorized and designated in Grant Agreement. The initial disbursement may be up to 10% of the grant amount which can include up to 50% of the administration funds identified in the grant agreement with the remainder of the initial disbursement going to the technology demonstrator to begin work on the demonstration project.

Additional disbursement will be made following the procedure described in the Reporting and Monitoring Requirements section of this solicitation and the signed grant agreement.

Reporting and Monitoring Requirements

To insure that public funds are being used prudently, reporting on project status and monitoring the project will be required. The selected Grantee(s) must submit status reports accompanying grant disbursement requests to ARB at least every three months, but may be provided on a monthly basis if necessary for more frequent invoicing, with prior approval from ARB. These reports should contain the following information, at a minimum in either MS Word 2003 or PDF formats if submitted electronically:

- Summary of work completed since the last progress report, noting progress toward completion of tasks and milestones identified in the work plan
- Statement of work expected to be completed by the next progress report
- Notification of problems encountered and an assessment of their effects on the project’s outcome

A final report is required at the end of the project and must include:

- A description of the project’s goals and objectives, methods, results of the demonstration, and future application of the technology.
- An update on the commercialization prospects

Requests for additional information may be required by ARB, at its sole discretion, to evaluate reports and to determine if a quarterly or final report is complete.

Any change in the project budget, re-definition of deliverables, or extension of the project schedule must be approved in advance by the ARB grant liaison in writing.

Once a grant is in place, the ARB will not require additions to the work to be done or other project scope changes under the grant. Minor changes to the work to be done or other project scope changes may be considered by ARB, in consultation with the
Grantee or Technology Demonstrator. ARB will not terminate a grant because of minor technical difficulties or minor under-accomplishment of stated project objectives, in ARB’s sole discretion. However, ARB reserves the right to terminate a grant if ARB determines, in its sole discretion, that the objectives cannot be reached or that the Grantee, Technology Demonstrator or its subcontractors cannot perform the required work or as specified in Section 6 of the grant agreement.

The Grantee and Technology Demonstrator must allow ARB, the California Department of Finance, the California Bureau of State Audits, or any authorized designee access, during normal business hours, to conduct reviews and fiscal audits, or other evaluations. Granting of access includes, but is not limited to, reviewing project records, site visits, and other evaluations as needed. Project evaluations or site visits may occur unannounced as ARB staff or its designee deem necessary.