

APPENDIX C

SAMPLE GRANT AGREEMENT

Diesel Filter Replacement Program
Draft Sample Grant Agreement
For Fiscal Year 2018-19

Mobile Source Control Division
February 15, 2019



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A. GRANT PROVISIONS

The parties agree to comply with the requirements and conditions contained herein, as well as all commitments identified in the Fiscal Year (FY) 2018-19 Grant Solicitation for the Diesel Filter Replacement Program and Grantee Application Package.

B. GRANT ACKNOWLEDGEMENT

Where applicable, the Grantee agrees to acknowledge the California Air Resources Board (CARB) as a funding source for the Diesel Filter Replacement Program.

C. GRANT SUMMARY AND AMENDMENTS

Project Title: Diesel Filter Replacement Program

Authorized Official:

Title:

Total Grant Amount: \$

Total Match and In-Kind: \$

D. GRANT PARTIES AND CONTACT INFORMATION

- 1. This Grant is from the California Air Resources Board (hereinafter referred to as CARB or the Board) to _____ (hereinafter referred to as Grantee).
- 2. The CARB Project Liaison is Brandon Rose. Correspondence regarding this project shall be directed to:

Diesel Filter Replacement Program
 Attn: Brandon Rose
 Mobile Source Control Division
 California Air Resources Board
 1001 I Street
 Sacramento, California 95814

Phone: (916) 327-8495
 Email: Brandon.Rose@arb.ca.gov

- 3. The Grantee Liaison is _____. Correspondence regarding this project shall be directed to:

Grantee Liaison Name:

Title:

Address:

Phone:

Email:

E. TIME PERIOD

1. Performance of work or other expenses billable to CARB under this Grant may commence after full execution of this Grant by parties. Performance on this Grant ends once the Grantee has submitted and CARB approves the final report or if this Grant is terminated, whichever is earlier.
2. Upon completion of the project, the Grantee shall submit a draft final report to CARB Project Liaison no later than **February 28, 2021** (see Section I).
3. Final request for payment and Final Report shall be received by CARB no later than **March 31, 2021** (see Section I).
4. The CARB Executive Officer retains the authority to terminate or reduce the dollar amount of this Grant if by **September 30, 2020**, 80 percent of project funding has not been expended by the Grantee. In the event of such termination, Section G (5) of these provisions shall apply.

F. SCOPE OF WORK

The Diesel Filter Replacement Program is administered and implemented through a partnership between CARB, the Grantee (selected via a competitive CARB grant solicitation) and the prospective contractor ESW Cleantech (the manufacturer of the requisite replacement equipment). CARB will set the requirements and develop the eligibility criteria for eligible Diesel Filter Replacement projects to apply for funding through the program. The Grantee is responsible to contract for individual project installations and verify all the project eligibility requirements have been met by the applicants, and to distribute funding after an applicant has submitted the supporting documentation and required items.

The FY 2018-19 Grant Solicitation and the Funding Plan, identify the minimum requirements for implementing the Diesel Filter Replacement Program. The draft Implementation Manual for the FY 2018-19 Diesel Filter Replacement Program (Implementation Manual) provides the necessary definitions, explanations, and processes associated with the minimum requirements. A final Implementation Manual will be developed by the Grantee and CARB, in conjunction with ESW Cleantech and stakeholders, through a public work group process upon execution of the Grant Agreement. The Implementation Manual may be periodically updated by the Grantee in conjunction with CARB as needed to clarify program requirements and improve program effectiveness.

1. Duties and Requirements

This section defines the respective duties and requirements of CARB and the Grantee in implementing the Diesel Filter Replacement Program. For Definitions refer to Appendix B, Sample Implementation Manual.

2. The California Air Resources Board Role

CARB is responsible for the following:

- a. Providing technical assistance on interpreting filter data and verifications
- b. Clarifying eligibility and guidelines
- c. Participating in regular meetings with the Grantee to discuss program refinements and guide program implementation.
- d. Participating in coordination meetings with the Grantee and other key staff
- e. Reviewing and approving all Grant Disbursement Request Forms (MSCD/ISB-90) and distributing grant funds to the Grantee.
- f. Providing program oversight and accountability (in conjunction with the Grantee).
- g. Meeting applicable requirements of statutes, applicable State law, the FY 2018-19 Funding Plan, the FY 2018-19 Diesel Filter Replacement Program Grant Solicitation, and this grant agreement with Grantee. The FY 2018-19 Funding Plan for Clean Transportation Incentives is available at: www.arb.ca.gov/msprog/aqip/aqip.htm.

3. The Grantee's Role

- a. The Grantee is responsible for implementation of the Diesel Filter Replacement Program approved by the Board as part of the Funding Plan. The Grantee's responsibilities encompass three phases to ensure the efficient and proper distribution of funds for eligible projects:
 - i. Program Development - complete a public work group process in coordination with CARB and ESW Cleantech resulting in a final Implementation Manual approved by CARB. Contract with ESW Cleantech to complete installations.

- ii. Program Implementation – monitor program progress and receive reimbursement requests/applications from ESW Cleantech. Verify all project eligibility requirements set by CARB have been met and distribute funds.
- iii. Program Reporting – track progress and complete final reporting.

The phases shall be completed in a manner directed by CARB and on a timeframe agreed upon by the Grantee and CARB. Table 1 Program Development and Implementation Timeline for FY 2018-19 below outlines key milestones for Diesel Filter Replacement Program development and implementation.

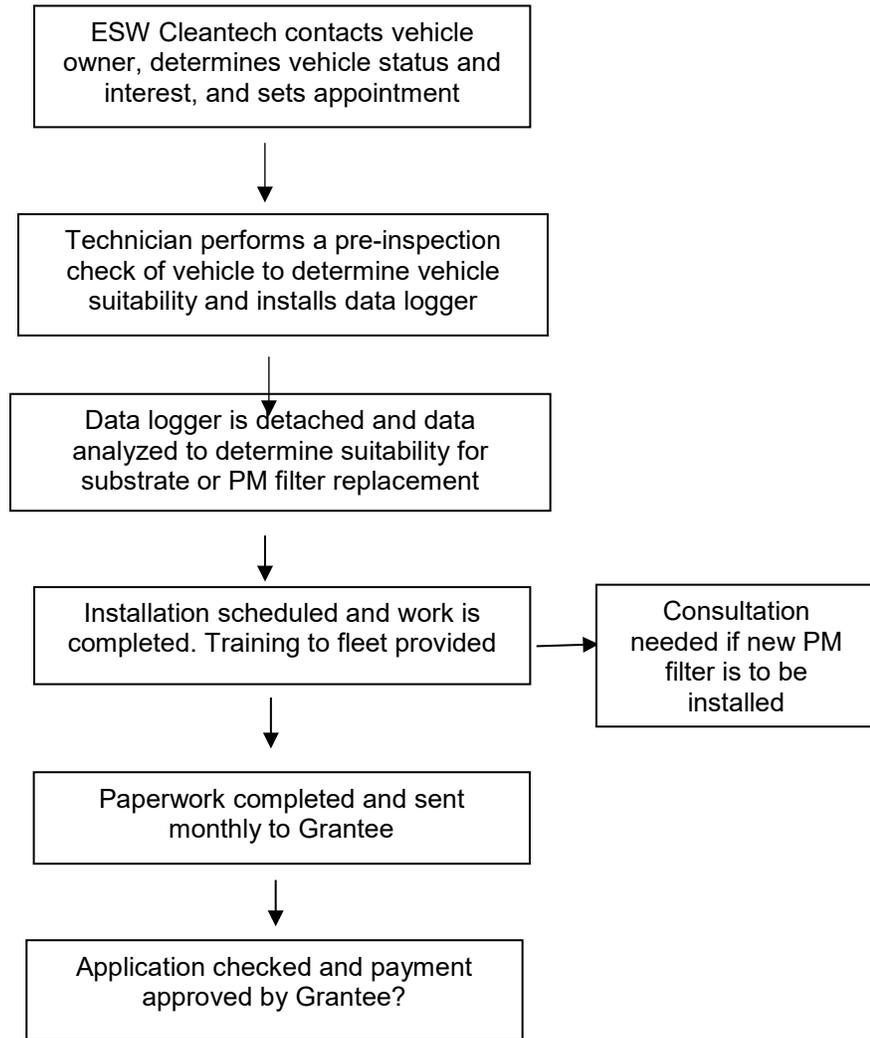
Table 1: Program Development and Implementation Timeline for FY 2018-19*

Action Item	Date or Time Period
Selection of Grantee	March 2019
Work group process to finalize the Implementation Manual	April 2019
Grantee, in collaboration with ESW Cleantech and CARB, develops streamlined Diesel Filter Replacement application, per the Implementation Manual	May 2019
FY 2018-19 Diesel Filter Replacement funding is available to award to eligible Diesel Filter Replacement Projects. Installations proceed.	June 2019
Project implementation concludes.	December 31, 2020
Final Report and final disbursement requests submitted.	March 31, 2021
All funds program funds liquidated.	June 30, 2021

* This timeline may be changed at CARB's sole discretion.

- b. The Grantee is responsible to receive applications from ESW Cleantech, verify all the by eligible project requirements are met and distribute funds for completed projects. Depending on the Grantee's application, CARB anticipates the following general process for each completed project in Figure 1. The Grantee shall collaborate with ESW Cleantech and CARB on a final process

Figure 1- Diesel Filter Replacement Process Example



4. The Grantee’s Project Responsibilities

The Grantee shall work with prospective contractor ESW Cleantech and CARB to:

- a. Develop a final Implementation Manual through a public work group process in coordination with CARB and ESW Cleantech.
- b. Develop a policies and procedures document and flow chart that describes the Grantee’s administrative action for processing projects. Examples include details on acceptable supporting documentation and protocols for recording case-by-case approvals.

- c. Grant permission, in consultation with CARB, to install a new verified PM filter when a substrate replacement is not appropriate based pre-inspection check and the data logging report documentation stating the vehicle did not meet the temperature requirement. Testing and analysis documents completed under previous PM filter replacement programs may be considered.
- d. Accept application and use the approved criteria and requirements stated in the Implementation Manual to review, verify the project eligibility, and approve or disapprove applications and document the process.

The applicant must submit the supporting documentation to the Grantee for reimbursement. Upon completion and verification of all requirements the Grantee distributes funds to the Applicant. Required documentation will include, at a minimum, the following:

- i. Vehicle Owner/Operator
- ii. Company Name
- iii. Vehicle Unit Number
- iv. Vehicle Identification Number
- v. Vehicle Year/Model
- vi. Vehicle Body Type/Application
- vii. Engine Information & Family Name
- viii. PM Filter Family Name and Serial Number
- ix. Customer Contact Information
- x. Pre-Installation Compatibility Check List for Installation
- xi. Program Replacement Form, completed and signed by the owner
- xii. Description of any extra tasks completed
- xiii. Total Cost including itemized amounts
- xiv. Approval Documents for any excess charges
- xv. Confirmation that training and warranty information was provided

The Grantee will have 30 working days to reimburse the Contractor after determining that the Claim for Payment packet(s) are complete.

- e. Maintain copies of all disapproved applications and related correspondence.
- f. Establish and maintain financial and project records of projects funded by the Grantee (see Section K).
- g. Store all records in a safe and secure storage facility that maintains confidentiality and provides fire and natural disaster protection (see

Section M in the Sample Grant Agreement). Files shall be retained during the term of the Grant Agreement plus three years. Upon completion of the third year of record retention, the Grantee must submit all project records to CARB. Hardcopy of electronic records are suitable. Acceptable forms of electronic media include hard drives, CDs, DVDs, and flash drives. Other forms of electronic media may be allowed based on prior written concurrence from CARB.

- h. Develop and maintain accounting procedures to track expenditures by grant award specified.
- i. Establish a process for returned award funds as a result of uncashed checks, prorated returns, cancellations, etc.
- j. Respond to public inquiries regarding the Diesel Filter Replacement Program.
- k. Provide data updates to CARB periodically and upon request.
- l. Provide periodic data summaries to the public in response to data requests.
- m. Establish and maintain oversight authority to verify projects, are on track to complete the project milestones, and funds are spent as intended and for the approved costs.
- n. Provide a monthly filter substrate installation schedule or one mutually agreed upon. In addition, a schedule of projected installations should be provided to the Grantee and updated periodically but no less than on a quarterly basis.
- o. Provide quarterly Status Reports to CARB in an agreed upon format.
- p. Provide CARB with The Diesel Filter Replacement Program Final Report that summarizes and evaluates total fund expenditures, projects funded, estimated emission reductions achieved for each project, outreach efforts, implementation challenges, and recommended potential program improvements (see Section I) of the Sample Grant Agreement for more details).
- q. Meet applicable requirements or statutes, the AB 118 AQIP Guidelines, the FY 2018-19 Funding Plan, this solicitation, the Grant Agreement with CARB, and the Implementation Manual.

5. Grantee's Prospective Contractor Responsibilities:

The prospective contractor ESW Cleantech shall coordinate with the Grantee to:

- a. Identify eligible projects and contact potential applicants to coordinate and schedule upgrade.
- b. Conduct site visits, inspections, data logging, and installations (including pre-and post-inspections of the installed filter substrate replacement kit). Notify the Grantee if the PM Filter and/or any related equipment shows any evidence of tampering observed during the pre-inspection.
- c. Provide written justification for any vehicle to the Grantee that is determined to be non-viable for installation of the filter substrate replacement kit and identify an appropriate CARB-verified Level 3 diesel emission control strategy (DECS) retrofit device from their list of CARB currently verified devices.
- d. Receive permission to install a new verified PM filter when a substrate replacement is not appropriate. Total cost of the replacement CARB-verified Level 3 DECS shall not exceed \$20,000, subject to change, including all applicable labor, taxes, or additional costs and/or fees, and removal of the previously installed equipment without Grantee and CARB approvals.
- e. Install the filter substrate replacement kit or new PM filter (per CARB Verification Procedure) on viable and eligible vehicles that participate in the program. Equipment disposal shall be in an appropriate manner.
- f. Notify the Grantee after the installation is complete and submit on a periodic basis (anticipated to be monthly) an invoice with supporting documentation for reimbursement. Required documentation will include, at a minimum, the items listed in Section F(4)(d)(i-xv) above.
- g. The Grantee will have 30 working days to reimburse the applicant after determining that the Claim for Payment packet(s) are complete.
- h. Customer and vehicle data are to be collected for each installation, entered into a database, and upon request shall be downloaded and sent to the Grantee.

- i. Provide a part testing report of all failed components that result in exceedance of any Payment Authorization Limits. Photographs may be required.
- j. Program participants are not to be charged for any additional costs or fees for the installation of the filter substrate replacement kit or new PM filter, subject to Grantee approval. Entering into a separate agreement with the Program Participant to cover additional parts and labor not covered by the Diesel Filter Replacement Program is prohibited unless approved by the Grantee and CARB.
- k. Educate applicants/participants on proper use and maintenance of the diesel PM filter in accordance with the Verification Procedure outlined in California Code of Regulations Title 13, Section 2706(v)

6. Eligible Models for Diesel Filter Replacement Project

Vehicles qualified for funding must have had an eligible recalled Cleaire Longmile PM filter installed and may qualify for one of the following projects:

- a. Substrate replacement kit installation
- b. Verified diesel PM filter replacement

The Implementation Manual will determine final eligibility criteria and priority of potential funding recipients. Eligibility criteria may include, but not be limited to: age of the vehicle, whether the vehicle is subject to any upcoming regulatory requirements, type of operations, whether the vehicle is eligible for substrate replacement or full diesel particulate matter filter replacement, and location or operation in disadvantaged or low income communities. Vehicles eligible for the substrate replacement kit installation shall receive priority due to the greater cost-benefit effectiveness.

Emissions reductions must be surplus to regulatory requirements per AQIP Guidelines. Participating fleets shall be compliant with CARB diesel regulations. Eligible vehicles may not have any DMV VIN Stops or registration holds through CARB Enforcement actions.

G. FISCAL ADMINISTRATION

This section defines the respective roles of CARB and the Grantee in administering the Diesel Filter Replacement Program.

1. Budget

- a. The maximum amount of this Grant is up to \$3,000,000. The maximum amount of this Grant may be increased further contingent upon receiving additional funds. The Grantee understands and agrees that there is no guarantee that additional funds will become available. Under no circumstance will CARB reimburse the Grantee for more than this amount. A written grant agreement amendment is required whenever there is a change to the amount of this grant.
- b. The budget for this program is shown in Exhibit B, Attachment I. Grant Disbursement Requests for Diesel Filter Replacement funds and Grantee project processing fee (program implementation costs) shall not exceed the grant amount plus matching funds or in-kind services, if any.
- c. Line item shifts are not anticipated under this program. However, shifts of up to ten percent of the grant total may be made over the life of the grant subject to prior written approval from CARB. Line item shifts greater than ten percent require a formal amendment to the grant. Line item shifts may be proposed by either CARB or the Grantee and must not increase or decrease the total grant amount. All line item shifts must be approved in writing by CARB within 10 business days of approval for inclusion in the grant folder. If the grant is formally amended, all line item shifts must be included in the amendment.

2. Program Funding

Draft allowable expenditures for costs associated with the grant are defined below and subject to change pending the public workgroup process.

a. Diesel Filter Replacement Funding

Payments for a project with a substrate replacement may not exceed the draft Payment Authorization Limit and draft Partial Parts List in Table 2 and Table 3 below. Amounts listed, pricing sheets, and products offered or required may change pending the workgroup process and CARB approval.

Table 2 – Draft Payment Authorization Limits

Horsepower Category	Estimated LMS Kit¹	Estimated Labor²	Estimated Total³	Payment Authorization Limit⁴
P1 Under 225 HP	\$3,300.00	\$800.00	\$4,520.00	\$5,020.00
P1 225-274 HP Non-EGR	\$3,300.00	\$800.00	\$4,520.00	\$5,020.00
P2 225-274 HP ACERT/EGR	\$4,100.00	\$800.00	\$5,400.00	\$5,900.00
P2 275-299 HP Non-EGR	\$4,100.00	\$800.00	\$5,400.00	\$5,900.00
P3 275-349 HP ACERT/EGR	\$4,400.00	\$800.00	\$5,720.00	\$6,220.00
P3 300-399 HP Non-EGR	\$4,400.00	\$800.00	\$5,720.00	\$6,220.00
P4 350-399 HP ACERT/EGR	\$4,480.00	\$800.00	\$5,810.00	\$6,310.00
P5 400-500 HP Non-EGR, ACERT/EGR	\$5,220.00	\$800.00	\$6,620.00	\$7,120.00

¹LMS Kit (Long-mile S conversion kit) includes Silicon Carbide filter, HEX file update, Saddle and Clamp, Clamp Ring w/ hardware, LongMile-S DOC, LED and MLC Labels, Owner's Manual and Verification Tag Kit.

²Labor includes travel time, mileage, lodging and overtime.

³Includes a maximum sales tax of 10%.

⁴Prior ARB staff approval is required if the filter substrate replacement kit installation invoice exceeds the Payment Authorization Limit.

Table 3 – Draft Partial Parts List

Description	Part Number	Component	Labor	Total
Inlet cone	CJxxx-S-APxxx	\$366.16	\$50.00	\$416.16
Outlet cone	CKxxx-S	\$350.79	\$40.00	\$390.79
Exhaust hanger	CBK-xUF-12x	\$79.84	\$40.00	\$119.84
Bellows	CU4-S4B8P16.5	\$471.14	\$50.00	\$521.14
Flex hose	CEXH3400-17	\$55.92	\$50.00	\$105.92
Flat band clamps	CUX-x00FB	\$14.74	\$0.00	\$14.74

Where data logging report documentation finds that the vehicle did not meet the temperature requirement for the LongMile-S upgrade costs will be reimbursed for work that was completed in accordance with the removal of the LongMile filter and the installation of a replacement CARB-verified Level 3 DECS, not to exceed \$20,000 without CARB approval.

For affected vehicles that could not accept the LongMile-S upgrade but did not have the LongMile filter with Certified Muffler Modules (CMM)

removed and an appropriate CARB-verified Level 3 filter installed the Contractor shall document the reason per the Scope of Work in Section F.

b. Project Processing Fee (Program Implementation Costs)

Application processing fee shall be used for Diesel Filter Replacement Program administration to process project applications and outreach activities including: The Grantee's personnel costs, labor expenses and fringe benefits with hourly rates for key job descriptions, operating costs (i.e. rent, supplies, and equipment), indirect costs (e.g., general administrative services, office space, and telephone services), printing, mailing, traveling¹, and other outreach and educational activities expenses, consultant fees (must be pre-approved by CARB), records retention, research and data management, reporting, and other expenses needed to implement Diesel Filter Replacement Program. Program implementation costs should be detailed such that they include all necessary staff and tasks to implement the program.

3. Advance Payment

Consistent with the Legislature's direction to expeditiously disburse grants, CARB in its sole discretion may provide advance payments of grant awards in a timely manner to support program initiation and implementation with a focus on mitigating the constraints of modest reserves and potential cash flow problems.

The Grantee may submit an application for an initial disbursement of up to 10 percent of the total grant amount (\$300,000) as seed money to support initial administration of the Diesel Filter Replacement Program and to process Diesel Filter Replacement applications quickly after the Grant Agreement has been signed and upon availability of funds. In the event additional funds become available and in order to ensure adequate project funds are available in the Grantee's account to cover the cost of projects, the Grantee may request subsequent disbursements by submitting a Status Report and any other information required by CARB documenting the project amounts reserved. CARB may provide subsequent disbursements to cover the cost for the amount of projects reserved plus any additional funds necessary to ensure timely payment of projects.

Recognizing that appropriate safeguards are needed to ensure grant monies are used responsibly, CARB has developed the grant conditions described

¹ CARB will only reimburse travel expenses and per diem rates that are set by California Department of Human Resources (CalHR). The Grantee will be responsible for travel expenses and per diem rates that exceed CalHR rates.

below to establish control procedures for advance payments. CARB may provide advance payments to grantees of a grant program or project, in accordance with Health and Safety Code Section 39603.1, if CARB determines all of the following:

- a. The advance payments are necessary to meet the purposes of the grant project.
- b. The use of the advance funds is adequately regulated by grant or budgetary controls.
- c. The request for application or the request for proposals contains the terms and conditions under which an advance payment may be received consistent with this section.
- d. The Grantee is either a small district or the Grantee meets all of the following criteria:
 - i. Has no outstanding financial audit findings related to any of the moneys eligible for advance payment and is in good standing with the Franchise Tax Board and Internal Revenue Service.
 - ii. Agrees to revert all unused moneys to CARB if they are not liquidated within the timeline specified in the grant agreement.
 - iii. Submits a spending plan to CARB for review prior to receiving the advance payment.
 - iv. The spending plan shall include project schedules, timelines, milestones, and the Grantee's fund balance for all state grant programs.
 - v. CARB shall consider the available fund balance when determining the amount of the advance payment.
 - vi. Reports to CARB any material changes to the spending plan within 30 days.
 - vii. Agrees to not provide advance payment to any other entity.
- e. In the event of the nonperformance of the Grantee, CARB shall require the full recovery of the unspent moneys. A Grantee shall provide a money transfer confirmation within 45 days upon the receipt of a notice from CARB.
- f. The Grantee must complete and submit to CARB for review and approval, an Advance Payment Request Form, along with each grant disbursement

that is requesting advance payment. The Advance Payment Request Form shall be provided by CARB to the Grantee after the grant execution.

- g. CARB may provide an advance of the direct project costs of the grant, if the program has moderate reserves and potential cash flow issues. Advance payments will not exceed the Grantee's interim cash needs.
- h. The grantee assumes legal and financial risk of the advance payment.
- i. Grantee shall place funds advanced under this section in an interest-bearing account. Grantee shall track interest accrued on the advance payment. Interest earned on the advance payment shall only be used for eligible grant-related expenses as outlined in the Grant Provisions, Exhibit A or will be returned to CARB.
- j. Grantee shall report to CARB the value of any unused balance of the advance payment and interest earned and submit quarterly fiscal accounting reports consistent with reporting requirements of this grant agreement (see Section I).
- k. Grantee shall remit to CARB any unused portion of the advance payment and interest earned within 90 days following the end date of this Grant Agreement term but no later than **April 30, 2021**.

4. **Grant Disbursements**

- a. Requests for payment shall be made with the Grant Disbursement Request Form (MSCD/ISB-90) and conform to the instructions identified in Sections G and I of this grant agreement. Grant payments shall be made only for reasonable costs incurred by the Grantee and only when the Grantee has submitted a Grant Disbursement Request Form, milestones stipulated in Exhibit B, Attachment II and III, the requirements specified herein, including Section F, Section G, Section H and Section I of this grant agreement have been accomplished, documentation of accomplishment has been provided to CARB in the form of the Status Report, and any associated deliverables (if applicable) have been provided to CARB. CARB will have sole discretion to accelerate the timeline for allowable disbursements of funds identified in Exhibit B, Attachment II (with the exception of the final disbursement of funds), necessary to assure the goals of the program are met.
- b. Grant payments are subject to CARB's approval of Status Reports and any accompanying deliverables (see Sections F, Section G, Section H and Section I of this grant agreement). A payment will not be made if the

CARB Project Liaison deems that a milestone has not been accomplished or documented, that a deliverable meeting specifications has not been provided, that claimed expenses are not documented, not valid per the budget, or not reasonable, that the Grantee has not met other terms of the grant.

The Chief of the Mobile Source Control Division or designee of CARB may review the CARB Project Liaison's approval or disapproval of a Grant Disbursement Request. No reimbursement will be made for expenses that, in the judgment of the Division Chief of the Mobile Source Control Division, are not reasonable or do not comply with the grant agreement.

- c. The Grantee shall mail completed and signed Grant Disbursement Requests to the CARB Project Liaison.
- d. CARB will withhold payment of up to 10 percent of the grant funds until completion of the Final Report and intellectual property has been relinquished to CARB in accordance with Sections I and L of these provisions, CARB has received and approved the Grantee's mechanism for receiving annual activity reports, and submission of the Final Report to CARB by the Grantee. It is the Grantee's responsibility to submit a Grant Disbursement Request for this final disbursement of funds.
- e. CARB shall disburse funds in accordance with the California Prompt Payment Act, Government Code, Section 927, et seq.
- f. The Grantee will pay out CARB funds to other sub-grantees or subcontractors on a reimbursement basis only.

5. Suspension of Payments and Grant Termination

- a. CARB reserves the right to issue a grant suspension order in the event that a dispute should arise. The grant suspension order will be in effect until the dispute has been resolved or the grant has been terminated. If the Grantee chooses to continue work on the project after receiving a grant suspension order, the Grantee will not be reimbursed for any expenditure incurred during the suspension in the event CARB terminates the grant. If CARB rescinds the suspension order and does not terminate the grant, CARB will reimburse the Grantee for any expenses incurred during the suspension that are reimbursable in accordance with the terms of the grant.

- b. CARB reserves the right to terminate this Grant upon 30 days' written notice to the Grantee. In case of early termination, the Grantee will submit a Grant Disbursement Request, a Status Report covering activities up to, and including, the termination date and following the requirements specified herein and in Section I of these provisions. Upon receipt of the Grant Disbursement Request Form, Status Report, and all intellectual property has been relinquished to CARB, a final payment will be made to the Grantee. This payment shall be for all CARB-approved, actually incurred costs that in the opinion of CARB are justified.
- c. CARB reserves the right to immediately terminate this Grant in accordance with Section N (23).
- d. Upon termination, grants funds must be immediately returned to CARB.

6. Contingency Provision

In the event this grant is terminated for any reason, the CARB Executive Officer or designee reserves the right in his or her sole discretion to award a grant to the next highest scored applicant and if an agreement cannot be reached, to the next applicant(s) until an agreement is reached. If CARB is unable to award a grant under these circumstances, CARB may award a grant in a manner consistent with direction provided in the FY 2018-19 Funding Plan for Diesel Filter Replacement Program for Disadvantaged Communities².

7. Documentation of Project Processing Fee

- a. Personnel documentation must make use of timesheets or other labor tracking software. Duty statements or other documentation may also be used to verify the number of staff and actual hours or percent of time staff devoted to Diesel Filter Replacement Program implementation and outreach.
- b. Fees for external consultants must be documented with copies of the consultant contract and invoices. All external consultant fees must be pre-approved by CARB. Fees included in the budget as a part of the Grantee Application Package (Exhibit D) are considered pre-approved by CARB.
- c. Printing, mailing, records retention, and travel expenses must be documented with receipts and/or invoices.

² <http://www.arb.ca.gov/msprog/aqip/fundplan/fundplan.htm>.

- d. Any reimbursement for necessary supporting project costs need receipts and/or invoices.
- e. Any reimbursement for necessary travel and per diem shall be at rates not to exceed those amounts paid to the State's represented employees. No travel outside the State of California shall be reimbursed unless prior written authorization is obtained from CARB. The California Department of Human Resources (CalHR) travel and per diem reimbursement amounts may be found online at:
<http://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>. Reimbursement will be at the State travel and per diem amounts that are current as of the date costs are incurred by the Grantee.
- f. The above documentation, records, and referenced materials must be made available for review during monitoring visits and audits by CARB, or its designee. These records must be retained for a minimum of three years after submittal of the final Diesel Filter Replacement Program grant disbursement request to CARB.
- g. The above documentation must be provided to CARB in Status Reports and a Final Report.

8. Earned Interest

“Earned interest” means any interest generated from State funds provided to the Grantee and held in an interest-bearing account.

- a. Interest earned by the Grantee on Diesel Filter Replacement Program funds must be reported to CARB. All interest income on Diesel Filter Replacement Program funds, must be expended on eligible program costs (See Section G of this grant agreement) or returned to CARB. The Grantee is responsible for reporting to CARB on all interest earned and reinvested into Diesel Filter Replacement Program or returned.
- b. All interest income on advance payment must be reinvested into the program or returned to CARB. Interest earned that is reinvested in the program is not included as part of the Total Grant Amount from CARB. Grantee is responsible for reporting to CARB all project expenditures funded with interest earned on advanced funds or returned.
- c. The Grantee must maintain accounting records (e.g. general ledger) that track interest earned and expended on Diesel Filter Replacement Program funds, as follows:

- i. The calculation of interest must be based on an average daily balance or some other reasonable and demonstrable method of allocating the proceeds from the interest-generating account back into the program.
 - ii. The methodology for tracking earned interest must ensure that it is separately identifiable from interest earned on non-Diesel Filter Replacement Program funds.
 - iii. The methodology for calculating earned interest must be consistent with how it is calculated for the Grantee's other fiscal programs.
 - iv. Earned interest must be fully expended by **April 30, 2021** or returned to CARB.
- d. Documentation of interest earned on Diesel Filter Replacement Program funds must be retained for a minimum of three years after it is generated. Documentation of interest expended on the Diesel Filter Replacement Program must be retained for a minimum of three years after the funds have been reinvested into the project.
- e. The above documentation must be provided to CARB in Status Reports and a Final Report.

H. PROJECT MONITORING AND MEETINGS

1. Meetings

- a. Initial meeting: A meeting will be held between key program personnel and CARB Project Liaison before work on the program begins. The purpose of the initial meeting is to discuss the overall approach, details of performing essential tasks, the program schedule and milestones, details of work group process, and any issues that may need to be resolved prior to beginning work. Topics may include process for program decision-making, frequency and process for ongoing project team coordination.
- b. Review meetings: Meetings to discuss progress must be held at least quarterly beginning three months after the initial meeting. Additional meetings may be scheduled at the sole discretion of CARB Project Liaison. Such meetings may be conducted by phone, if deemed appropriate by CARB Project Liaison. The Grantee is responsible for developing the agenda in collaboration with CARB Project Liaison, and for facilitating the quarterly meetings.

- c. Site visits: If applicable, site visits shall be established by CARB Project Liaison during the term of this grant.

2. Technical Monitoring

- a. Any changes in the scope or schedule for the program shall require the prior written approval of CARB Project Liaison and may require a written grant agreement amendment.
- b. The Grantee shall notify CARB Project Liaison in writing, immediately if any circumstances arise (technical, economic, or otherwise), which might place completion of the program in jeopardy. The Grantee shall also make such notification if there is a change in key project personnel (see Exhibit B, Attachment IV).
- c. In addition to Status Reports (see Section I of this grant agreement), the Grantee shall provide information requested by CARB Project Liaison that is needed to assess progress in completing tasks and meeting the objectives of the program.
- d. Any change in budget allocations, re-definition of deliverables, or extension of the program schedule must be requested in writing to CARB Project Liaison and approved by CARB, in its sole discretion, and may require a grant agreement amendment.

I. REPORTING AND DOCUMENTING EXPENDITURE OF STATE FUNDS

The Grantee must provide CARB with documentation accounting for the proper expenditure of funds. The documentation must be provided in Status Reports submitted at a minimum every three months to CARB and a Final Report submitted prior to the Grantee receiving their last disbursement of project funds.

1. Status Reports

- a. The Grantee shall submit Status Reports at a minimum of three-month intervals. The Status Reports shall be provided in a format agreed upon between the CARB Project Liaison and the Grantee and meet the requirements specified herein. CARB may specify an electronic format for quarterly reporting.
- b. The Grantee must provide a Status Report to CARB detailing the project amounts awarded to date. The Status Reports must include the following components:

- i. Excel spreadsheet of vehicles, associated filter equipment, and supporting project costs funded for the reporting period (format and data fields to be agreed upon by the Grantee and CARB). Data fields will include, but not limited to, vehicle or equipment type, make and model, etc.
- ii. Program summary report, including but not limited to:
 - a) Number of projects in-process, approved, disapproved, pending and received.
 - b) Number, dollar amount, and percentage of projects issued for each type of project (substrate or VDECS).
 - c) Number and dollar amount by location.
 - d) Remaining grant funding available.
 - e) Summaries of Grantee processing fees and program fund expenditures in detail to date and for the quarterly period.
 - f) Identified problems or concerns and proposed solutions, if applicable.
- c. Every Grant Disbursement Request Form (MSCD/ISB-90) shall be accompanied by a Status Report that documents the completion of a milestone specified in Exhibit B, Attachment II and III.
- d. If the tasks outlined in this grant agreement are behind schedule, the Grantee must notify CARB immediately and explain how they will return to schedule.

2. Final Report

- a. When the project is complete, the Grantee shall submit a draft Final Report. The draft Final Report must be submitted to CARB in an appropriate format agreed upon between CARB Project Liaison and the Grantee. The Final Report must meet the requirements specified herein. Upon approval of the draft Final Report by CARB Project Liaison, the Grantee shall provide a written copy of the final version, plus an electronic file.
- b. The Grantee must provide a Final Report to CARB after all Diesel Filter Replacement Funding has been expended. The Final Report must be

submitted within 90 days of program completion or by **March 31, 2021**, whichever comes first. A draft Final Report is due to CARB by February 28, 2021

- c. The Final Report must include, at a minimum:
- i. Total fund expenditure documentation (including but not limited to Diesel Filter Replacement funds, processing fees).
 - ii. Excel spreadsheet of projects.
 - iii. Summary report of all the Diesel Filter Replacement applications processed by the Grantee for the period covered by the Grant Agreement (may be provided as summaries or previously submitted Status Reports - see Status Report).
 - iv. Overview of the program from inception through program end, including program background, partnerships, and funding sources.
 - v. Implementation challenges and recommendations for potential program improvements.
 - vi. Earned interest, if any.

J. OVERSIGHT AND ACCOUNTABILITY

1. The Grantee shall comply with all oversight responsibilities.
2. CARB or its designee may recoup the grant funds which were received based upon misinformation or fraud, or for which a Grantee or technology provider is in significant or continual non-compliance with the terms of this Grant or State law. CARB also reserves the right to prohibit any entity from participating in the Diesel Filter Replacement Program due to non-compliance with program requirements.
3. If the Grantee detects any actual and/or potentially fraudulent activity by a funding applicant, it shall notify CARB as soon as possible and work with CARB to determine an appropriate course of action.

K. PROGRAM RECORDS

As further described below, program records includes but is not limited to Grantee, financial, and application records. All program records must be retained for a period of three (3) years after final payment under this grant. All

program records are subject to audit pursuant to Section N (4) of this grant agreement. Upon completion of the third year of record retention, the Grantee shall submit all program records to CARB. Hardcopy or electronic records are suitable. Acceptable forms of electronic media include hard drives, CDs, DVDs, and flash drives. Other forms of electronic media may be allowed based on prior written concurrence from CARB.

1. Grantee Record:

The Grantee shall retain a Diesel Filter Replacement Program file containing:

- a. Original executed copy of the Diesel Filter Replacement Program Grant Agreement and Grant Agreement Amendments (if applicable).
- b. Policies and Procedures Manual/Implementation Manual.
- c. Copies of Grant Disbursement Request Forms and attachments.
- d. Copies of Status Reports.
- e. Documentation of earned interest generation and expenditure (see Section G for more information).

2. Financial Records:

Without limitation of the requirement to maintain program accounts in accordance with generally accepted accounting principles, the Grantee must:

- a. Establish an official file for the Diesel Filter Replacement Program, which shall adequately document all significant actions relative to the program.
- b. Establish separate accounts which will adequately and accurately depict all amounts received and expended on the Diesel Filter Replacement Program.
- c. Establish separate accounts which will adequately and accurately depict all income received which is attributable to the Diesel Filter Replacement Program including cash and in-kind donations, if any.
- d. Establish an accounting system which will adequately depict final total costs of the Diesel Filter Replacement Program, including indirect costs.

3. Project Records:

Grantee is required to establish and maintain project records, which must include, at a minimum:

- a. Diesel Filter Replacement application, and all the related forms.
- b. Copy of all the documents related to the awarded projects.
- c. Unique identifier that links each project to its corresponding project and associated cost.
- d. Documentation on any deviations from the normal processing of projects (examples include enforcement action, CARB case-by-case approvals).
- e. Maintain copies of all disapproved project applications.

L. INTELLECTUAL PROPERTY

Any webpage(s), software, databases, program data, or other intellectual property developed or purchased by the Grantee for the purposes of administering or implementing the Diesel Filter Replacement Program, are the property of CARB.

M. CONFIDENTIALITY AND DATA SECURITY

It is expressly understood and agreed that information the Grantee collects on behalf of the State or from a third party in performing its obligations under this grant agreement may be deemed confidential by the State. Therefore, the Grantee must:

1. All information or data gathered pursuant to this grant shall be held confidential and released only to CARB or other entities as CARB may specify in writing.
2. The Grantee certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this grant agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.
3. Information or data, including but not limited to all application records and supporting documentation that personally identifies or describes an individual or individuals is confidential in accordance with California Civil Code sections 1798, et seq. and other relevant State or Federal statutes

and regulations. The Grantee shall safeguard all such information or data which comes into their possession under this agreement in perpetuity, and shall not release or publish any such information, data, or application records.

4. Observe complete confidentiality with respect to such information or data collected pursuant to this grant, including without limitation, agreeing not to disclose or otherwise permit access to such information by any person or entity in any manner whatsoever unless such disclosure is required by law or legal process.
5. Acknowledge the confidential nature of such information and ensure by agreement or otherwise that they are prohibited from copying or revealing, for any purpose whatsoever, the contents of such information or any part thereof, or from taking any action otherwise prohibited under this section.
6. Ensure that the Grantee's employees are informed of the confidential nature of such information and ensure by agreement or otherwise that they are prohibited from copying, revealing, or utilizing for any purpose in fulfillment of this grant, the contents of such information or any part thereof, or from taking any action otherwise prohibited under this section.
7. Grantee shall limit access to information and data gathered pursuant to this grant only to necessary employees to perform their job duties.
8. Not use such information or any part thereof in the performance of services to others or for the benefit of others in any form whatsoever whether gratuitously or for valuable consideration.
9. Notify State promptly and in writing of the circumstances surrounding any possession, use or knowledge of such information or any part thereof, by any person other than those authorized by this document.
10. Adhere to all CARB confidentiality, disclosure, and privacy policies.
11. Treat all information, deliverables, and work products developed or collected pursuant to this grant as confidential. All information, deliverables, and work products cannot be disclosed in any form to any third party without CARB's written consent except when required by law or legal process.
12. Not use, without CARB written approval, any CARB materials for any purpose other than performing the agreed upon services.

13. At the conclusion of the engagement or upon termination of this grant agreement, the Grantee shall surrender all information in any form developed or collected pursuant to this grant.
14. If the Grantee suspects loss or theft, the grantee must report any lost or stolen information, data, or equipment developed or collected pursuant to this grant to CARB immediately.
15. Provide CARB all pass phrases/passwords used for private keys to encrypt data used, produced or acquired in the course of performing duties under this grant agreement.
16. The Grantee must sign non-disclosure and confidentiality agreements as provided by CARB.
17. The Grantee agrees to notify the CARB immediately of any security incident involving the information system, servers, data, or any other information developed or collected pursuant to this grant. The Grantee agrees that the CARB has the right to participate in the investigation of a security incident involving its data or conduct its own independent investigation, and that the Grantee shall cooperate fully in such investigations.
18. The Grantee agrees that it shall be responsible for all costs incurred by the CARB due to security incident resulting from the grantee's failure to perform or negligent acts of its personnel, and resulting in an unauthorized disclosure, release, access, review, or destruction; or loss, theft or misuse of information or data developed or gathered pursuant to this grant. If the Grantee experiences a loss or breach of data, the Grantee shall immediately report the loss or breach to the CARB. If the CARB determines that notice to the individuals whose data has been lost or breached is appropriate, the Grantee will bear any and all costs associated with the notice or any mitigation selected by the CARB. These costs include, but are not limited to, staff time, material costs, postage, media announcements, credit monitoring for impacted individuals, and other identifiable costs associated with the breach or loss of data.
19. The Grantee agrees that it shall immediately notify and work cooperatively with the CARB to respond timely and correctly to public records act requests.

N. GENERAL PROVISIONS

1. **Amendment:** No amendment or variation of the terms of this grant agreement shall be valid unless made in writing, signed by the parties and

approved as required. No oral understanding or agreement not incorporated in the grant agreement is binding on any of the parties.

2. **Assignment:** This grant is not assignable by the Grantee, either in whole or in part, without the consent of CARB in a formal written amendment.
3. **Availability of Funds:** CARB's obligations under this grant agreement are contingent upon the availability of funds. In the event funds are not available, the State shall have no liability to pay any funds whatsoever to the Grantee or to furnish any other considerations under this grant agreement.
4. **Audit:** Grantee agrees that CARB, the Department of General Services, Department of Finance, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this grant and all State funds received. Grantee agrees to maintain such records for possible audit for three (3) years after the term of this grant is completed, unless a longer period of records retention is stipulated. Grantee agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Grantee agrees to include similar right of the State audit records and interview staff in any grant related to performance of this agreement.
5. **Compliance with law, regulations, etc.:** The Grantee agrees that it will, at all times, comply with and require its contractors and subcontractors to comply with all applicable federal and State laws, rules, guidelines, regulations, and requirements.
6. **Computer software:** The Grantee certifies that it has appropriate systems and controls in place to ensure that State funds will not be used in the performance of this Grant Agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.
7. **Confidentiality:** No record which has been designated as confidential by ARB, or is the subject of a pending application of confidentiality, shall be disclosed by the Grantee.
8. **Conflict of interest:** The Grantee certifies that it is in compliance with applicable State and/or federal conflict of interest laws. The Grantee may have no interest, and shall not acquire any interest, direct or indirect, which will conflict with its ability to impartially complete the tasks described herein. The Grantee must disclose any direct or indirect financial interest or

situation which may pose an actual, apparent, or potential conflict of interest with its duties throughout the grant term. CARB may consider the nature and extent of any actual, apparent, or potential conflict of interest in the Grantee's ability to perform the grant.

The Grantee must immediately advise CARB in writing of any potential new conflicts of interest throughout the grant term.

9. **Disputes:** The Grantee shall continue with the responsibilities under this grant agreement during any dispute. Grantee staff or management may work in good faith with CARB Staff or management to resolve any disagreements or conflicts arising from implementation of this grant agreement. However, any disagreements that cannot be resolved at the management level within 30 days of when the issue is first raised with CARB Project Liaison shall be subject to resolution by the CARB Executive Officer, or his designated representative. Nothing contained in this paragraph is intended to limit any rights or remedies that the parties may have under law.
10. **Environmental justice:** In the performance of this grant agreement, the Grantee shall conduct its programs, policies, and activities that substantially affect human health or the environment in a manner that ensures the fair treatment of people of all races, cultures, and income levels, including minority populations and low-income populations of the State.
11. **Fiscal management systems and accounting standards:** The Grantee agrees that, at a minimum, its fiscal control and accounting procedures will be sufficient to permit tracing of grant funds to a level of expenditure adequate to establish that such funds have not been used in violation of State law or this grant agreement. Unless otherwise prohibited by State or local law, the Grantee further agrees that it will maintain separate Project accounts in accordance with generally accepted accounting principles.
12. **Force majeure:** Neither CARB nor the Grantee shall be liable for or deemed to be in default for any delay or failure in performance under this grant agreement or interruption of services resulting, directly or indirectly, from acts of God, enemy or hostile governmental action, civil commotion, strikes, lockouts, labor disputes, fire or other casualty, etc.
13. **Governing law and venue:** This grant is governed by and shall be interpreted in accordance with the laws of the State of California. CARB and the Grantee hereby agree that any action arising out of this grant agreement shall be filed and maintained in the Superior Court in and for the County of Sacramento, California, or in the United States District Court in

and for the Eastern District of California. The Grantee hereby waives any existing sovereign immunity for the purposes of this grant agreement.

14. **Grantee's responsibility for work:** The Grantee shall be responsible for work and for persons or entities engaged in work, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. The Grantee shall be responsible for any and all disputes arising out of its contract for work on the project, including but not limited to payment disputes with contractors, subcontractors, and providers of services. The State will not mediate disputes between the Grantee and any other entity concerning responsibility for performance of work. The Grantee will pay out CARB funds to other entities on a reimbursement basis only.
15. **Indemnification:** The Grantee agrees to indemnify, defend and hold harmless the State and the Board and its officers, employees, agents, representatives, and successors-in-interest against any and all liability, loss, and expense, including reasonable attorneys' fees, from any and all claims for injury or damages arising out of the performance by the Grantee, and out of the operation of equipment that is purchased with funds from this grant award.
16. **Independent Contractor:** The Grantee, and its agents and employees, if any, in their performance of this grant agreement, shall act in an independent capacity and not as officers, employees or agents of CARB.
17. **Non-Discrimination Clause:** During the performance of this grant agreement, Grantee and its subcontractors, if any, shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status, and denial of family care leave. Grantee and subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Grantee and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f) set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Grantee and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Grantee

shall include the non-discrimination and compliance provisions of this clause in all subcontracts to perform work under the agreement.

18. **No third party rights:** The parties to this grant agreement do not create rights in, or grant remedies to, any third party as a beneficiary of this grant agreement, or of any duty, covenant, obligation or undertaking establish herein.
19. **Ownership:** All information, data, documents, intellectual property including but not limited to webpages received or generated by the Grantee under this grant is the property of CARB. No information, data, documents, intellectual property received or generated under this grant shall be released without CARB's approval.
20. **Personally Identifiable Information:** Information or data, including but not limited to all rebate records and supporting documentation that personally identifies an individual or individuals is confidential in accordance with California Civil Code sections 1798, et seq. and other relevant State or Federal statutes and regulations. The Grantee shall safeguard all such information or data which comes into their possession under this agreement in perpetuity, and shall not release or publish any such information, data, or project records.
21. **Prevailing wages and labor compliance:** If applicable, the Grantee agrees to be bound by all the provisions of State Labor Code Section 1771 regarding prevailing wages. If applicable, the Grantee shall monitor all agreements subject to reimbursement from this grant agreement to ensure that the prevailing wage provisions of State Labor Code Section 1771 are being met.
22. **Professionals:** For projects involving installation or construction services, the Grantee agrees that only licensed professionals will be used to perform services under this grant agreement where such services are called for and licensed professionals are required for those services under State law.
23. **Severability:** If a court of competent jurisdiction holds any provision of this Grant agreement to be illegal, unenforceable or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of those provisions, will not be affected.
24. **Termination:** In addition to the termination provisions in Section G (5) of this grant agreement, CARB may terminate this grant agreement by written notice at any time prior to completion of this grant agreement, upon violation by the Grantee of any material provision after such violation has

been called to the attention of the Grantee and after failure of the Grantee to bring itself into compliance with the provisions of this grant agreement. Upon termination, the Grantee must immediately return grant funds to CARB.

25. **Timeliness:** Time is of the essence in this grant agreement. Grantee shall proceed with and complete the project in an expeditious manner.

26. **Waiver of Rights:** Any waiver of rights with respect to a default or other matter arising under the grant agreement at any time by either party shall not be considered a waiver of rights with respect to any other default or matter. Any rights and remedies of the State provided for in this grant agreement are in addition to any other rights and remedies provided by law.

O. INSURANCE REQUIREMENTS

The Grantee must comply with all requirements outlined in the (1) General Provisions section and (2) Insurance Requirements section. The Grantee must also assure the Diesel Filter Replacement Projects that have received projects from the Grantee fully complies with all insurance requirements that will be set forth in the Implementation Manual before starting the project. No payments will be made under the grant until the Grantee fully complies with all insurance requirements outlined herein.

1. General Provisions:

- a. **Coverage Term:** Coverage needs to be in force for the complete term of the grant. If insurance expires during the term of the grant, a new certificate must be received by the State at least 10 days prior to the expiration of this insurance. Any new insurance must comply with the original grant terms.
- b. **Policy Cancellation or Termination & Notice of Non-Renewal:** Grantee is responsible to notify the State within five business days of any cancellation, non-renewal or material change that affects required insurance coverage. New certificates of insurance are subject to the approval of the Department of General Services and Grantee agrees no work or services will be performed prior to obtaining such approval. In the event that Grantee fails to keep in effect at all times the specified insurance coverage, the State may, in addition to any other remedies it may have, terminate this grant upon the occurrence of such event, subject to the provisions of this grant.

- c. Premiums, Assessments and Deductibles: Grantee is responsible for any premiums, policy assessments, deductibles or self-insured retentions contained within their insurance program.
- d. Primary Clause: Any required insurance contained in this grant shall be primary, and not excess or contributory, to any other insurance carried by the State.
- e. Insurance Carrier Required Rating: All insurance companies must carry an AM Best rating of at least "A-" with a financial category rating of no lower than VI. If Grantee is self-insured for a portion or all of its insurance, review of financial information including a letter of credit may be required.
- f. Endorsements: Any required endorsements requested by the State must be physically attached to all requested certificates of insurance and not substituted by referring to such coverage on the certificate of insurance.
- g. Inadequate Insurance: Inadequate or lack of insurance does not negate Grantee's obligations under the grant.
- h. Satisfying an SIR: All insurance required by this contract must allow the State to pay and/or act as the contractor's agent in satisfying any self-insured retention (SIR). The choice to pay and/or act as the contractor's agent in satisfying any SIR is at the State's discretion.
- i. Available Coverages/Limits: All coverage and limits available to the contractor shall also be available and applicable to the State.
- j. Use of Subcontractor: In the case of Grantee's utilization of Subcontractors to complete the grant scope of work, Grantee shall include all Subcontractors as insured's under Grantee's insurance or supply evidence of Subcontractor's insurance to The State equal to policies, coverages, and limits required of Grantee.

2. Grant Insurance Requirements:

The Grantee shall display evidence of the following on a certificate of insurance. After the solicitation is awarded, failure to provide the certificate upon request will result in the termination of the grant. The grantee must also assure that any contractors are also duly insured. The following coverages must be evidenced on the certificate of insurance:

- a. Commercial General Liability: Grantee shall maintain general liability on an occurrence form with limits not less than \$1,000,000 per occurrence for

bodily injury and property damage liability combined with a \$2,000,000 annual policy aggregate. A “per project aggregate” endorsement is required. The policy shall include coverage for liabilities arising out of premises, operations, independent contractors, products, completed operations, personal & advertising injury, and liability assumed under an insured contract or grant. This insurance shall apply separately to each insured against whom claim is made or suit is brought subject to Grantee’s limit of liability. The policy must name the State of California, its officers, agents, and employees as additional insured, but only with respect to work performed under the grant.

- b. Automobile Liability: Grantee shall maintain business automobile liability insurance as broad as Form CA0001 for limits not less than \$1,000,000 combined single limit. Such insurance shall cover liability arising out of any and all motor vehicles owned, hired or non-owned. “Any Auto” symbol 1 is required.
- c. Workers Compensation and Employers Liability: Grantee shall maintain statutory worker’s compensation and employer’s liability coverage for all its employees who will be engaged in the performance of the grant. In addition, employer’s liability limits of \$1,000,000 are required. If applicable, Grantee shall provide coverage for all its employees for any injuries or claims under the U.S. Longshoremen’s and Harbor Workers’ Compensation Act, the Jones Act or under laws, regulations, or statutes applicable to maritime employees. By signing this contract, Grantee acknowledges compliance with these regulations. A Waiver of Subrogation or Right to Recover endorsement in favor of the State of California must be attached to certificate.
- d. Technology Professional Liability / Errors and Omissions Insurance: Grantee shall maintain appropriate to the Grantee’s profession and work hereunder, with limits not less than \$1,000,000 per occurrence. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by the Grantee in this agreement and shall include, but not be limited to, claims involving infringement of intellectual property, copyright, trademark, invasion of privacy violations, information theft, release of private information, extortion and network security. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties as well as credit monitoring expenses with limits sufficient to respond to these obligations.
 - i. The Policy shall include, or be endorsed to include, *property damage liability coverage* for damage to, alteration of, loss of, or destruction of electronic data and/or information “property” of the

Agency in the care, custody, or control of the Grantee. If not covered under the Grantee's liability policy, such "property" coverage of the Agency may be endorsed onto the Grantee's Cyber Liability Policy as covered property as follows:

- ii. *Cyber Liability* coverage in an amount sufficient to cover the full replacement value of damage to, alteration of, loss of, or destruction of electronic data and/or information "property" of the Agency that will be in the care, custody, or control of Grantee.
- iii. Please provide the following If policies provide claims-made coverage:
 - a) The Retroactive Date must be shown, and must be before the date of the contract or the beginning of contract work.
 - b) Insurance must be maintained and evidence of insurance must be provided *for at least five (5) years after completion of the contract of work.*
 - c) If coverage is canceled or non-renewed, and not replaced with *another claims-made policy form with a Retroactive Date prior to the contract effective date, the Contractor must purchase "extended reporting" coverage for a minimum of five (5) years after completion of work.*
- e. Crime Insurance: Coverage shall provide limits of not less than \$XX (the estimated highest balance of CARB funds to be held by Grantee at any time during the program). Coverage shall include but not be limited to employee dishonesty, theft, forgery or alteration, and inside/outside money and securities coverages including first and third party theft for state-owned or leased property in the care, custody, and/or control of the Grantee. The policy shall include as loss payee, the State of California, California Air Resources Board.

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EXHIBIT B

WORK STATEMENT

Attachment I – Budget Summary

Grantee:

Grant No.:

Project: Diesel Filter Replacement Program

Total Costs & Funding

Funding Source	Total Amount	Project Processing Fee	Diesel Filter Replacement Funds
CARB/AQIP	\$3,000,000		
Matching*			
Cash/In-Kind*			
TOTAL FUNDING AMOUNT			

*If any

Disbursement of Funds:

Diesel Filter Replacement Funding

The Grantee shall receive Diesel Filter Replacement funds in accordance with Section G of this Grant Agreement.

Project Processing Fee (Program Implementation Costs)

The Grantee shall receive project processing fee funding in accordance with Section G (2) of this grant agreement.

EXHIBIT B

Attachment II – Program Schedule

Grantee:

Grant No.:

Project: Diesel Filter Replacement Program

Detailed Scope of Work and Schedule

Task #	Start Date	Completion Date	Status/Note*
Task 1 –			
Task 2 –			
Task 3 –			
Task 4 –			
Task 5 –			
Task 6 –			
Task 7 –			
Task 8 –			
Task 9 –			
Task 10 –			

*This may include: in process, complete, ongoing, progress %, delayed (include reasons and new estimated completion date), etc.

EXHIBIT B

Attachment III – Disbursement Schedule¹

Grantee:

Grant No.:

Project: Diesel Filter Replacement Program

Disbursement	Disbursement Description	Grant Award
1	Diesel Filter Replacement Funding	
1.1	Execute Grant Agreement: Initial Disbursement	Up to 10 percent of the total grant amount
1.2	Ongoing disbursements of Diesel Filter Replacement funds	
Diesel Filter Replacement Funding Subtotal		\$
2	Project Processing Fee	
2.1	Execute Grant Agreement: Initial Disbursement	
2.2	Ongoing disbursements of Diesel Filter Replacement funds.	
2.3	100 percent of Diesel Filter Replacement Funding is expended; Final Report and all requirements met for the Diesel Filter Replacement Program submitted to CARB	
Project Processing Fee Subtotal		\$
Grant Total		\$

¹

EXHIBIT C
GRANT SOLICITATION

EXHIBIT D
GRANTEE APPLICATION PACKAGE

EXHIBIT E
IMPLEMENTATION MANUAL

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