

# Policies and Procedures Manual

Effective August 27, 2018

## **Clean Vehicles Program**

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**Policies and Procedures Manual**

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# Clean Vehicles Program

## **Policies and Procedures Manual**

Effective July 31, 2018

*The Clean Vehicles Program of the Houston-Galveston Area Council strives to provide resources, services and assistance to promote the reduction of harmful emissions in the eight-county nonattainment area. These policies have been created in the interest of achieving that goal and exercising fairness to all stakeholders.*

### **1. Geographical Scope**

- 1.1 The Houston-Galveston Area Council (H-GAC) Clean Vehicles Program (Clean Vehicles) serves the region covered by the thirteen (13) counties of Austin, Brazoria, Chambers, Colorado, Fort Bend, Galveston, Harris, Liberty, Matagorda, Montgomery, Walker, Waller and Wharton.
- 1.2 The Houston-Brazoria-Galveston nonattainment area includes the eight (8) counties of Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery and Waller (Nonattainment Area).
- 1.3 All inquiries regarding services outside of the counties listed in paragraphs 1.1 and 1.2 will be deferred to the appropriate jurisdiction or metropolitan planning organization.

### **2. Compliance**

- 2.1 All policies set forth in this document comply with the following agreements:
  - Applicable Interlocal Agreements between the Texas Department of Transportation (TxDOT) and H-GAC
  - The Third-Party Supplemental Environmental Project (SEP) Agreement between the Texas Commission on Environmental Quality (TCEQ) and H-GAC on behalf of the Houston-Galveston Area Emission Reduction Credit Organization (AERCO)
- 2.2 All policies set forth in this document work in conjunction with the approved bylaws of the H-GAC and AERCO Boards of Directors, where applicable.
- 2.3 All policies set forth in this document comply with H-GAC policies and procedures.
- 2.4 Clean Vehicles will conduct all H-GAC public meetings in compliance with the requirements described in Chapter 551 of the Texas Government Code (Texas Open Meetings Act).

### **3. Grant Application Availability**

- 3.1 The Clean Vehicles application shall be available to any individual or organization with an interest in securing funds to help purchase new, cleaner technology that will reduce emissions in the Nonattainment Area, including:
- Companies/corporations operating a fleet of any size
  - Public entities such as school districts, cities and counties
  - Individual owner-operators
- 3.2 Applications shall be available to help replace the following types of equipment:
- Class 6, 7 or 8 tractors
  - School buses
  - Public transportation buses
  - Municipal or county vehicles Class 6 and above
  - Marine vessel power plant and auxiliary units
  - Certain infrastructure components for alternate fuels such as electricity, propane and/or natural gas
- 3.3 When funds are available for such purposes, applications shall be made available for funding to help replace certain off-road equipment related to the transportation industry.
- 3.4 The engine age of a given vehicle/equipment, as opposed to the age of the vehicle/equipment itself, will be used to calculate emission reductions and grant amount for the vehicle. Engines older than twenty-five (25) years will not qualify for funding.
- 3.5 There is a limit of twenty-five (25) vehicles/equipment per application.

### **4. Applicant Requirements**

- 4.1 Applicants must operate buses, Class 6-8 trucks, or other diesel equipment primarily within the Nonattainment Area.
- 4.2 Applicants must have a history of operating vehicles/equipment in a businesslike fashion with professionally maintained maintenance, mileage, and fuel logs. Other paperwork must comply with local, state, and federal guidelines.
- 4.3 Applicants operating as a business must be registered with the Texas Secretary of State.
- 4.4 Applicants operating a business must have a credit score rating that can be retrieved from Experian or other reputable credit reporting service.

## 5. Funding Guidelines

### 5.1 Applicant Eligibility

- 5.1.1 To be eligible for funding through Clean Vehicles, project vehicles/equipment must be used at least 75% within the Nonattainment Area as described in paragraph 1.2 of this manual.
- 5.1.2 For funding through Clean Vehicles, the applicant must meet the eligibility requirements required by all entities described in Section 2 of this manual.

### 5.2 Funding Levels and Limits

- 5.2.1 H-GAC may set funding levels and limits within the constraints of funding agency and other regulatory guidelines.
- 5.2.2 H-GAC may limit or withhold funding from any individual or organization that shows a pattern of noncompliance with funding agency or other regulatory guidelines.

### 5.3 Cost effectiveness (dollars per ton of nitrous oxide [NO<sub>x</sub>] reduction per year) of a project shall be calculated using either of two levels:

- 5.3.1 Replacement vehicles burning the traditional fuels of diesel or gasoline will be valued at a rate of \$20,000 per ton of NO<sub>x</sub> reduction, or any revised value as may be determined by H-GAC.
- 5.3.2 Replacement vehicles utilizing alternative fuels such as electricity, propane or natural gas will be valued at a rate of \$40,000 per ton of NO<sub>x</sub> reduction, or any revised value as may be determined by H-GAC.

### 5.4 Funding Criteria

- 5.4.1 All applicants must complete a new application each time a new Clean Vehicles project is initiated.
- 5.4.2 History of past Clean Vehicles funding will have no bearing on the ability to submit for new projects by a given individual or organization.
- 5.4.3 Funding is not guaranteed for an application regardless of history of funding.
- 5.4.4 All applicants are responsible for providing at minimum a 25% match of total project cost.
- 5.4.5 The amount of Clean Vehicles funding determined by calculating tools provided by the Environmental Protection Agency (EPA) will not exceed 75% of total baseline project cost.

- 5.4.6 The usage (based on miles traveled, hours of operation or fuel consumption) allowed for a vehicle/equipment shall be determined by the average annual usage over the lifetime of the vehicle/equipment. Prediction of future use or repurposing will not be considered a valid criterion in calculating usage in replacement vehicles.

## **6. Application Submission**

- 6.1 All application materials provided by Clean Vehicles will be distributed in a manner convenient to both H-GAC and the applicant.
- 6.2 Application materials can be distributed at any time of the year, and there is no deadline for application submission.
- 6.3 The basic on-road vehicle replacement application consists of the following components:
- Form A - Basic Applicant Information: This cover sheet contains items relevant to the individual or organization, such as contact, history, signatory and professional information.
  - Form B1 - On-Road Vehicle Data: This worksheet contains information relevant to old and prospective replacement vehicles.
  - Form D - Signature Page: By signing and dating this page, the applicant affirms the Statements of Understanding and authorizes H-GAC to obtain the applicant's credit report. A paper copy of Form D with original signatures is required for application processing and approval.
- 6.4 Applications can be submitted to Clean Vehicles using the following methods:
- 6.4.1 Email
- 6.4.1.1 Only application components A and B1 can be emailed via electronic attachments.
- 6.4.1.2 Clean Vehicles accepts only attachments in Excel, Word or PDF format.
- 6.4.1.3 Applications submitted in JPEG or other graphic formats will not be accepted.
- 6.4.2 Mail/Shipping Service: Even if forms A and B1 are emailed, a signed paper original of Form D must be sent by one of the following methods:
- 6.4.2.1 United States Postal Service delivery to:
- Clean Vehicles Program  
Houston-Galveston Area Council  
PO Box 22777  
Houston TX 77227-2777
- 6.4.2.2 In person or by delivery service to:

Clean Vehicles Program  
Houston-Galveston Area Council  
3555 Timmons Ln Ste 100  
Houston TX 77027-6470

- 6.4.3 If, due to lack of resources or ability to use a computer, the entire application must be completed manually, it can be mailed or delivered in person using the addresses listed in 6.4.2.1 or 6.4.2.2 above.

## 7. Application Review

- 7.1 The Clean Vehicles staff may, within its sole discretion, eliminate an application from consideration due to any of the following factors:
- Incompleteness
  - Discovery of erroneous or fraudulent data
  - Lack of cooperation from the applicant
- 7.2 The Clean Vehicles staff may request additional or corrected information from the applicant during the grant application process. Applicants will be given a deadline to submit the required information. If the corrected and/or additional information is not submitted to staff by a deadline agreeable to both parties, the application will be considered incomplete, which may eliminate the application from consideration.
- 7.3 The Clean Vehicles staff will not move an application forward to determine eligibility until it is deemed complete.

## 8. Eligibility Determination

Eligibility is determined using tools developed to calculate the scope and limitations of a project, such as:

- 8.1 Clean Air Project Evaluation Spreadsheet (CAPES): The EPA provides the parameters for calculating Congestion Mitigation and Air Quality Improvement Program (CMAQ) grant amounts using this Excel workbook. Using data submitted in the application, the Clean Vehicles staff will determine the following values for each project vehicle/equipment:
- NOx and other emission reduction values
  - Estimated Grant Amount: This amount ranges from 0% to 75% of the total project cost and is based on NOx emission reduction values.
- 8.2 Risk Assessment Evaluation Tool
- 8.2.1 Government agencies are exempt from Risk Assessment evaluation; only businesses and individuals are subject to the evaluation as part of the application process.

8.2.2 If the title(s) of project vehicle(s)/equipment are in the name of a business registered with the Secretary of State, the following criteria are used in calculating a Risk Assessment score:

- Number of Years in Business
- Credit Score

8.2.3 Prior History with H-GAC

- Prior history with H-GAC will be considered “Above Average” if, in its conduct of business with any H-GAC program, the applicant has:
  - Submitted at least 75% of required quarterly compliance monitoring reports on time
  - Demonstrated good faith efforts in adhering to Clean Vehicles guidelines, and
  - Demonstrated transparency in making program and fiscal information available to the Clean Vehicles staff during all project phases.
- Prior History with H-GAC will be considered “Average or None” if there is no prior history with H-GAC or if there is history that cannot be categorized as either above average or below average.
- Prior History with H-GAC shall be considered “Below Average” if, in its conduct of business with any H-GAC program, the applicant:
  - Was delinquent in submitting more than 25% of required monitoring reports
  - Was assessed three (3) or more findings during any audit or follow-up site visit, or
  - Made it difficult for the Clean Vehicles staff to obtain information or program-related items upon request during any project phase.

8.2.4 Business Management, including

- Years of Project Manager Experience
- Size of Business (number of employees)

8.2.5 Financial Performance, including

- Profitability Trends (trends identified from business profits for up to five of the previous consecutive years)
- Grant Viability Ratio (proposed grant amount as compared with average profits for up to five of the previous consecutive years)



- Debt Ratio (ratio of total liabilities divided by total assets for up to five of the previous consecutive years)
- Quick Ratio (ratio of current liabilities divided by current assets)

8.2.6 Best Management Practices (BMP) – Organization, Upkeep and Responsiveness. This criterion is based on observations made at the pre-approval site visit (PASV).

- BMP will be considered “Excellent” if, during the PASV:
  - Key grant personnel are on site and available during the visit.
  - Requested paperwork and data are organized and easily accessible for examination by H-GAC staff.
  - All project vehicles/equipment are in operating order and available for photographs.
  - A general atmosphere of cooperation and transparency is prevalent.
- BMP will be considered “Average” if, during the PASV, the foregoing criteria cannot be categorized as either “Excellent” or “Poor”.
- BMP will be considered “Poor” if any of the following events occur during the PASV:
  - Key grant personnel are not on site or otherwise unavailable during the visit.
  - Requested paperwork and data are disorganized or otherwise unavailable for examination by H-GAC staff.
  - Some or all project vehicles are not available for photographs.
  - The applicant demonstrates a lack of cooperation or transparency.

8.2.7 If the title(s) of project vehicle(s)/equipment are in the name of an individual – that is, using the name of a private citizen as opposed to a business – the following criteria are used in calculating a Risk Assessment score:

- Years of Project Manager Experience in Field
- Credit Score
- Prior History with H-GAC: uses the same criteria as those used in the business Risk Assessment

- **Application Submission:** a measure of professionalism and cooperation in collecting all information necessary to submit a complete application
- **Communication with H-GAC Regarding Project:** a measure of professionalism and cooperation in responding to email and phone requests
- **Profitability Trends:** trends identified from profits for up to five of the previous consecutive years
- **Net Worth-to-Grant Request Ratio:** adds liquid assets as revealed in bank statements and personal budgets
- **Debt-to-Income Ratio (DTI):** If the individual is currently making payments on vehicle(s) or other business-related capital, this ratio is derived by dividing monthly income by monthly debt payments.
- **Best Management Practices (BMP):** determined by observations made during the PASV; uses the same criteria as that used in the business Risk Assessment and includes organization, upkeep and responsiveness

8.2.8 If the Risk Assessment score places a business or individual in the “Moderate Risk” category, then the applicant must choose from one or more of the following supplemental requirements as a condition of funding:

- GPS Monitoring
- Extra Site Visits

8.2.9 If the Risk Assessment score is low enough to designate the application as “High Risk”, then the application will be rejected and funding is not considered for the project. Rejection of an application will not preclude ability to apply again for a Clean Vehicles project.

### 8.3 Eligibility Notice (EN)

8.3.1 After completion of the application analysis and Risk Assessment (except the last item, regarding BMP), an Eligibility Notice is issued, on which the applicant may choose from the following options:

- *Project Life:* The applicant must choose either a 3-, 4- or 5-year project life. Regardless of project life, the grant amount will not exceed 75% of the total baseline vehicle cost.
- *Removal of Vehicles from Consideration:* If the applicant chooses to remove a vehicle or vehicles from consideration, the grant amount will be reduced correspondingly.

- *Application Amendment:* The applicant may choose to request in writing an amendment to the application. Clean Vehicles staff will make the final decision to accept or deny the amendment.
- *Application Withdrawal:* The applicant may choose to withdraw the application completely.

8.3.2 The applicant must sign and submit a signed original paper EN to H-GAC within thirty (30) calendar days, or the application will be denied.

#### 8.4 Pre-Approval Site Visit (PASV)

8.4.1 After completion of the CAPES analysis, Risk Assessment (except the last item, regarding Best Management Practices), and the EN, a Clean Vehicles staff member will schedule a PASV for the purposes of:

- Meeting and becoming acquainted with the applicant in person
- Determining use of best business practices and organization
- Determining roadworthiness of and photographing all project vehicles
- Comparing application information to fleet inventory and other documentation

8.4.2 If an engine serial number is either not available or not legible enough to capture photographically during a PASV, logs or maintenance records that connect a serial number with the vehicle identification number (VIN) will serve to validate the engine serial number for that vehicle.

8.4.3 If the primary odometer on a vehicle is discovered to be broken, the following can be used to determine the vehicle's true total mileage driven:

- Readings from an alternate odometer such as a hub odometer
- Reliable GPS readings that are properly validated and logged
- Mileage logs that are meticulously maintained and linked to a proven alternate source for tracking miles driven

8.4.4 As a result of observations made during the PASV, the following factors will result in withdrawal of the application in its entirety:

- Discovery that the applicant has submitted fraudulent information in the application
- Discovery that an odometer has been deliberately compromised or tampered with on any vehicle for the purpose of falsifying data submitted in the application

- Lack of an organized, up-to-date record keeping system up to the previous three (3) years for the following:
  - Mileage logs
  - Fuel logs
  - Maintenance logs

8.4.5 As a result of observations made during the PASV:

8.4.5.1 The last item in the project's Risk Assessment analysis, BMP, will be scored as either "Excellent", "Average" or "Poor". The resulting final score will determine a risk level of "High", "Moderate" or "Low", with subsequent appropriate action taken.

8.4.5.2 Any of the following factors may result in removal of a vehicle from a project:

- Failed engine start
- Expired registration
- Inability to determine usage as represented in the application (based on miles traveled, hours of operation, or fuel consumption)
- Determination that the vehicle is not roadworthy and/or has not been used for its intended purposes during the previous two (2) years
- Discovery that an engine has been rebuilt during a year which does not match the reported engine year in the application

8.4.6 If the factor(s) resulting in vehicle removal is/are remediated within five (5) business days of the PASV, the vehicle may be restored to the application. Such restoration is subject to H-GAC's acceptance of the proposed remediation.

## 9. Grant Reservation

9.1 After the applicant has submitted a signed EN and passed program requirements (based on the Risk Assessment and observations from the PASV), Clean Vehicles staff will issue a Grant Reservation Letter (GRL), on which the applicant will choose from the following options:

9.1.1 *Satisfaction with Grant Package as Documented:* If the applicant chooses this option, the project will move forward for approval by the H-GAC Board of Directors (H-GAC Board).

9.1.2 *Withdrawal of Application:* Choosing this option will result in removal of the application from consideration, and the applicant will subsequently be sent a closeout letter.

- 9.2 Reserving funds for a given project is contingent upon the following factors:
- Availability of funds
  - Continued satisfactory performance of duties regarding requirements set forth by H-GAC or any governing body as described in Section 2 of this manual
- 9.3 The applicant must sign and submit a signed original paper copy of the GRL to H-GAC within thirty (30) calendar days, or the application will be denied.

## 10. Board Approval

- 10.1 After the GRL is signed and submitted by the applicant, the project will be placed on the agenda for the next available meeting of the H-GAC Board, whereupon one of two decisions will be made:
- 10.1.1 *Approval:* If the project is approved, it will progress to the Implementation Phase.
- 10.1.2 *Disapproval:* If the project is not approved, the application will be removed from consideration.
- 10.2 If the applicant disagrees with the decision of the H-GAC Board, the applicant will have an opportunity to protest at a subsequent board meeting, during which three (3) minutes will be allowed to publicly express reasons for the protest.

## 11. Contract

- 11.1 Upon project approval by the H-GAC Board, a contract will be drawn up containing project particulars such as scope, deliverables, etc. The contract will then be routed through appropriate channels for full execution.
- 11.2 Through the course of the project, if a contract change becomes necessary, a change order must be implemented with details about the nature of the change. Following are examples of such changes:
- *Change to Contract Price:* The price of a contract may be decreased using a change order, but cannot be increased without a second approval by the H-GAC Board.
  - *Change to Contract Time:* An increase in time must be expressed in number of days and must be accompanied by a detailed explanation of the reason(s) for the delay.
  - *Change to Data as Listed in Project Specifications:* Any specification change that leads to a decrease in emission reductions will result in a proportionate decrease in the contract amount.

## **12. Notice to Proceed**

- 12.1 Concurrent with the contract, the applicant will be required to sign a Notice to Proceed.
- 12.1.1 The date on which the Notice to Proceed is signed by all parties will serve as the official start date for the Implementation Phase of the project.
- 12.1.2 The Implementation Phase will last for a period of one (1) calendar year, unless a change order is implemented to extend that time.
- 12.2 Preordering is allowed, but the grant sub-recipient must not purchase or take delivery of replacement vehicles/equipment before the Notice to Proceed is signed, dated, submitted and documented by all parties. Vehicles/equipment paid for or delivered before that date will be removed from the project.
- 12.3 Once the Notice to Proceed is signed, dated and documented by all parties, the sub-recipient may do the following:
- Take delivery of new vehicles/equipment for immediate use
  - Arrange for destruction of the old vehicles/equipment using an H-GAC-approved destruction vendor

## **13. Destruction of Old Vehicles/Equipment**

- 13.1 All sub-recipients of Clean Vehicles funds must use an H-GAC-approved destruction vendor to destroy old project vehicles/equipment. If the sub-recipient is unable to dispose of the vehicle and engine in accordance with an approved alternative disposition method, the sub-recipient must agree to dispose of the vehicle and engine using the standard disposition methods.
- 13.2 Upon job completion, the destruction vendor is responsible for submitting all documentation (including photos) to H-GAC in a timely manner and in the appropriate format(s). If the destruction vendor fails to do so, then the sub-recipient has the final responsibility to do so.

## 14. Invoicing

14.1 The following items will be submitted in a timely manner to Clean Vehicles staff as required during the invoicing process:

### 14.1.1 From the Sub-recipient

- *Project Specification Form:* The Approved Application Summary section of the contract serves as the Project Specification Form for invoicing purposes.
- *Delivery Invoice(s):* All delivery invoices must originate from the vehicles/equipment vendor and must be dated within the contract period. If vehicles/equipment are delivered on different dates, the date of latest delivery will be recorded as the official date of delivery for the project.
- *Proof of Payment for New Vehicles/Equipment:* To be submitted either via assignment of proceeds, wire transfer record or cancelled check and dated within the contract period.
- *Proof of Direct Cost Fee Payment to H-GAC (if applicable):* To be submitted by the sub-recipient via check copy, and dated within the contract period.
- *Vehicle Synch Table:* The sub-recipient must complete this H-GAC-generated form in order to verify unit numbers, VINs and engine serial numbers of all new vehicles/equipment.
- *Original Signed Billing Statement:* Prerequisites to completion of this form are the delivery invoice(s) and documentation from the destruction vendor. These must be submitted in both PDF soft copy and mailed hard copy of the original. The receipt date of the original hard copy will serve as the official date of receipt of this document.

### 14.1.2 From the Destruction Vendor

- *Certification Form:* This form must provide correct vehicle information and salvage amount paid, if any, for destroyed vehicles/equipment.
- *Texas Nonrepairable Vehicle Titles:* All titles must align with the correct VIN and other vehicle information for each destroyed vehicle/equipment.
- *Printed Photographs:* Photos submitted must clearly show unit number, VIN, engine serial number, and bore holes drilled into engine block for all destroyed vehicles/equipment.

- *Electronic Photographs:* Photos must be in JPEG format and may be submitted by e-mail, compact disc formatted for Windows compatibility, or thumb drive (USB flash drive). If photos are available by download from a secure online file sharing service, the sub-recipient must send Clean Vehicles staff a working link to the photo set.

14.1.3 If a contingency is identified, then:

14.1.3.1 The contingency will be communicated in writing to the sub-recipient, with a reasonable amount of time to resolve the issue in question.

14.1.3.2 The invoicing process on the affected project will be placed on hold until contingency is met.

14.1.3.3 If the sub-recipient has more than one (1) Clean Vehicles project, invoicing for all other projects in the Implementation Phase will be placed on hold until the contingency on the affected project is met.

14.1.4 If submission of the foregoing documents (a) occurs close to the end of the calendar year and (b) reimbursement is projected to be delayed until the beginning of the following year, then available funds may be accrued to be paid the subsequent year.

14.1.5 Regarding the direct cost fee paid to H-GAC:

14.1.5.1 If the sub-recipient is a school district, the direct cost fee will be 0.5% of the CMAQ grant portion of the project, if any.

14.1.5.2 If the sub-recipient is an organization other than a school district, the direct cost fee will be 1.5% of the CMAQ grant portion of the project.

14.2 For CMAQ projects, invoicing will not be considered complete until all conditions are met as set forth by H-GAC, TxDOT, and any governing body as described in Section 2 of this manual.

14.3 For SEP projects, invoicing will not be considered complete until all conditions are met as set forth by H-GAC, AERCO, and any governing body as described in Section 2 of this manual.

14.4 For CMAQ projects, or the CMAQ portion of any project with multiple funding sources, the grant amount will be paid according to the following criteria:

14.4.1 If the total project cost is greater than the amount contracted, the CMAQ amount will not exceed the amount contracted.



- 14.4.2 If the total project cost is less than the amount contracted, the CMAQ amount will be calculated proportionately at the contracted percentage to reflect the difference between the contracted and actual costs.
- 14.5 Grant payments will be made to the sub-recipient on the following basis:
- 14.5.1 If the sub-recipient pays for all new vehicles/equipment on a cash basis upon delivery, the following will take place:
- 14.5.1.1 Grant funds will be paid directly to the sub-recipient in full before invoice closeout.
- 14.5.1.2 It will be the sub-recipient's responsibility to attain contracted usage amounts for each project vehicle/equipment during the course of the project.
- 14.5.2 If a sub-recipient finances the purchase of new vehicles/equipment, grant funds will be paid in a lump sum upon purchase to the lending party.
- 14.6 Payments made for the funding of any Clean Vehicles project are contingent upon the availability of funds and are not guaranteed regardless of where the project is the invoicing process.

## **15. Reporting**

After the grant has been paid to the sub-recipient, the project enters the Compliance Phase, which involves reporting for a contracted period.

- 15.1 The compliance period chosen by the sub-recipient during the Application Phase of the project can be one of the following:
- Three (3) years for twelve (12) monitoring reports
  - Four (4) years for sixteen (16) monitoring reports
  - Five (5) years for twenty (20) monitoring reports
- 15.2 Reporting for a new project vehicle/equipment will begin the first full quarter after the destruction of the vehicle/equipment that it replaced.
- 15.3 The sub-recipient must submit all monitoring reports to the Clean Vehicles staff on a quarterly basis, as defined by the contract.
- 15.4 All quarterly reports are due on or by the last day of the month immediately following the end of the quarter, according to the following schedule:
- 15.4.1 The first quarter covers the months of January, February and March, and is due on or by April 30 of the same calendar year.
- 15.4.2 The second quarter covers the months of April, May and June, and is due on or by July 31 of the same calendar year.

- 15.4.3 The third quarter covers the months of July, August and September, and is due on or by October 31 of the same calendar year.
- 15.4.4 The fourth quarter covers the months of October, November and December, and is due on or by January 31 of the following calendar year.
- 15.5 No quarterly report submitted retroactively at the beginning of compliance shall be counted as late.
- 15.6 If a sub-recipient is late in submitting more than 25% of the quarterly reports that are due during compliance, the Risk Assessment score will be adversely affected in any future Clean Vehicles application submitted by the sub-recipient.
- 15.7 H-GAC may require the submission of additional monitoring reports if deemed necessary.
- 15.8 All monitoring reports for projects initiated after July 1, 2018, shall be submitted using H-GAC's online web portal. Sub-recipients using a third-party GPS data vendor must submit data other than mileage via the web portal. These items include but are not restricted to:
- Fuel usage
  - Idle time
  - Notes on maintenance and any anomalies impacting mileage for the quarter
- 15.9 H-GAC will not accept monitoring reports submitted as a photograph.
- 15.10 H-GAC will not accept handwritten monitoring reports, whether mailed on paper or emailed in electronic format.
- 15.11 A single project can have different vehicles/equipment under contract for differing periods of time, if the applicant so chooses.
- 15.11.1 The same contract will be used to outline requirements for all vehicles or equipment, regardless of number of compliance years assigned to each unit individually.
- 15.11.2 The compliance period for a project will be defined by the vehicles/equipment with the greater number of reporting years.
- 15.12 H-GAC reserves the right to reject a monitoring report and require resubmission if the report is deemed incomplete.
- 15.13 H-GAC reserves the right to terminate a project upon discovery of deliberately falsified information submitted in a monitoring report.

## **16. Usage**

- 16.1 Only usage within the Nonattainment Area qualifies for grant funding.
- 16.2 The sub-recipient is required to keep accurate, up-to-date usage records for reporting purposes based on contracted miles traveled, hours of operation, or fuel consumption.
- 16.3 After each monitoring report is received from the sub-recipient, H-GAC will provide the sub-recipient with timely data regarding usage and emission-reduction status. If the status shows that usage is trending below expectations at any point in the Compliance Phase, the sub-recipient should adjust usage of funded vehicles/equipment to bring the project back into compliance in a timely manner.
- 16.4 If a funded vehicle/equipment unit is out of service because of maintenance, repairs, accident, replacement, etc. and the time out of service significantly impacts mileage:
- 16.4.1 The sub-recipient must notify the Clean Vehicles staff in writing about the nature of the problem and provide supporting documents such as repair orders, bill payments, insurance claims, accidents, etc., along with an estimate of time necessary to make repairs.
  - 16.4.2 At the sole discretion of the Clean Vehicles staff, lost quarters of usage may be made up by extending same number of quarters at the end of the project, or whatever other contracted provisions are available to mitigate the usage shortfall.
- 16.5 If usage fails to meet the contracted standard near the end of the project's Compliance Phase, the following options may be used to bring the project into compliance before the contract is completed:
- 16.5.1 The sub-recipient may reimburse H-GAC for that portion of the grant equal to the unmet usage commitment.
  - 16.5.2 The sub-recipient may use other mitigation strategies listed in any portion of the executed contract.

## **17. Project Closeout**

After project compliance has concluded, the Clean Vehicles staff will close out the project, provided that the required criteria are met.

- 17.1 A project can be closed out for any of the following reasons:
- Completion of all requirements in the Compliance Phase
  - Withdrawal by choice of the sub-recipient, provided that all terms and conditions are met to date

- Termination by H-GAC for reasons deemed appropriate and/or described in previous sections

17.2 A project is considered eligible for closeout if all of the following criteria are met:

- End date and refund status are certifiably verified.
- All reimbursement debts are paid to H-GAC, if any.
- Emission reduction obligations are met and documented.
- Paper copy files and documents are in order and appropriately archived.
- Electronic copy files and documents are in order and appropriately archived.
- All files and documents are submitted to and approved by H-GAC management.

## 18. Adoptions by Reference

Clean Vehicles adopts by reference the rules and documents listed below:

**Texas Administrative Code (TAC)**

**Texas Government Code, Chapter 551** (regarding the Texas Open Meetings Act)

**Uniform Grant Management Standards (UGMS)**: developed under the Texas Government Code Title 7, Chapter 783, which codifies the Uniform Grant and Contract Management Act of 1991. See UMGS Appendix A: 1 TAC 5.141-5.167 for requirements that apply to all Clean Vehicles grants (including those to nonprofit entities) whether using state or federal funds.

## 19. Definitions

**AERCO** - Houston-Galveston Area Emission Reduction Credit Organization, which provides funds to the Clean School Bus Program-Houston serving TCEQ Regions 10 and 12, excluding Shelby County. This area currently includes the twenty-seven (27) counties of Angelina, Austin, Brazoria, Chambers, Colorado, Fort Bend, Galveston, Hardin, Harris, Houston, Jasper, Jefferson, Liberty, Matagorda, Montgomery, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Trinity, Tyler, Walker, Waller and Wharton. Its finances are operated through the Emission Reduction Credit Corporation (ERCC), its nonprofit organization.

**Applicant** - individual or organization submitting a written request for financial assistance to facilitate purchase of new, cleaner technology

**Application** - written request for financial assistance to facilitate purchase of new, cleaner technology

**Baseline Cost** - price of a new vehicle that does not include taxes, fees or upgrade expenses

**Change Order** - official documentation that details the nature and reasons for a change in the contract which becomes necessary through the course of a project

**Compliant** - operating within fund source or administrative agency guidelines

**EPA** - United States Environmental Protection Agency

**Contract** - Clean Vehicles agreement between H-GAC and sub-recipient of grant funds

**Grant** - funding awarded to an individual or organization toward purchase of new, cleaner-burning technology

**H-GAC** - Houston-Galveston Area Council

**Nonattainment Area** - region that does not comply with the National Ambient Air Quality Standard (40 CFR Part 50) for ozone set by the EPA per the Clean Air Act; as designated by the TCEQ. The Houston-Galveston-Brazoria nonattainment area includes the eight (8) counties of Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery and Waller (Harris plus all contiguous counties).

**Noncompliant** - failing to operate within the guidelines of the fund source or administrative agency

**NO<sub>x</sub>** - nitrogen oxide; term used for the general oxides of nitrogen (NO, NO<sub>2</sub>, N<sub>2</sub>O<sub>2</sub>, etc.) when discussing air pollution

**Sub-recipient** - individual or organization awarded a grant through H-GAC's Clean Vehicles Program

**TCEQ** - Texas Commission on Environmental Quality

**Total Project Cost** - baseline cost of all new vehicles in a project

**Vendor Hold** - payment hold placed on an individual or organization found to be noncompliant by H-GAC or other government entity