



Clean Vehicles Program Orientation Packet for Fleet Managers

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Administered by the Air Quality Group of the Houston-Galveston Area Council

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1.0 Program Information

Welcome to the Clean Vehicles Program! The purpose of this orientation packet is to provide answers to common “nuts and bolts” questions encountered by grant recipients following project approval. We hope that this reference will help your project proceed smoothly and successfully.

The Clean Vehicles Program represents a consolidation of a number of other earlier efforts. The first of these programs was called the “Alternative Fuel & Vehicle Program”, and was in place from about 1995-2001. It was originally developed to support the disbursement of Congestion Mitigation/Air Quality (CMAQ) funds to local government fleets in connection with the major Congressional transportation bills and the federal Clean Air Act. In 2001, the program was broadened to serve the private sector as well as more traditional clean diesel projects. At this time the program was rebranded the “Clean Vehicles Program” to better reflect its emphasis on reducing air pollution. The program’s focus was also reoriented towards the heavy-duty sector, where greater reductions could be achieved at lower cost. During 2006, H-GAC also took over day-to-day administration of the Clean School Bus program. The Clean School Bus program originated with the Harris County Education Foundation in 2003 as the “Adopt-A-School Bus Program”, and was transferred to the oversight of H-GAC affiliate Area Emission Reduction Credit Organization (AERCO) as a result of their interest in expanding the scope of their activities. Through this effort, funding streams were developed to include not only CMAQ but also Supplemental Environmental Project (SEP) funds and AERCO’s private donations. Between 2006-2010, changes and revisions to both the Clean Vehicles and Clean School Bus programs’ criteria, forms, and procedures were made as new challenges were encountered and projects reached their full maturity. Much of this culminated in the restructuring of the program, and the creation and approval of the updated Clean Vehicles Program Guidelines in March 2011 (current Guidelines enclosed). This document is comprehensive in scope and extremely important to read to ensure your familiarity and understanding of general program policies.

Current program staff and contact information is listed below – we welcome any questions or comments you have at any time.

Program Phone: 713-993-2488

Program Fax: 713-993-4508 (to the attention of the Clean Vehicles Program)

Program Email: cleanvehicles@h-gac.com

Program Website: www.houston-cleancities.org

Ms. Shelley Whitworth, AQ Program Manager
Ms. Christine Smith, Air Quality Coordinator
Ms. Annette Olsen, Program Assistant

Mr. Robert Veazie, Air Quality Planner
Ms. Amanda Zuniga, Air Quality Planner
Ms. Kelli Angelone, Air Quality Planner

**Fluent in Spanish*

2.0 Contract Management

Q1. How long do I have to review and return a signed copy of the contract?

A1. We prefer that all Clean Vehicles contracts be signed and returned to H-GAC within 90 days of receipt. This is to ensure that the projects move forward in a timely fashion and enables the program to release project funds if the project is cancelled. If you feel there are circumstances that require your organization a longer review and return period than 90 days, please contact your assigned project specialist.

Q2. What if my organization would like to request changes to the contract language?

A2. Please send your requested changes in writing to program staff, and they will circulate it to H-GAC's upper management for review. Typically, changes to the General Provisions section are harder to get approved than other sections of the contract.

Q3. How long do I have to complete work under the contract?

A3. This is listed under Article 6: Performance Period of the General Provisions of your contract. Typically, grant recipients have one year to complete work and submit for reimbursement under the contract.

Q4. How do I request a change order to my contract?

A4. Contact your project specialist in writing with details about the change(s) that is/are needed and the reason(s) for the change(s). Be prepared to provide supporting documentation.

Q5. What types of changes require formal notification and a change order?

A5. Any change that would alter the terms of the contract that you signed requires formal notification and a change order. This includes a change in the project manager, a change in the name/ownership of the organization, an extension to the contract, changes in vehicles usage patterns, etc.

Q6. What if my lender will not sign a third-party agreement with H-GAC?

A6. In order to receive the grant, you will either need to identify a lender willing to sign the third-party agreement, or you will need to pay for the upfront cost of the project without a lender.

Q7. What if after executing the contract, we change our mind and determine that we do not want to complete some or all of the work under the contract?

A7. Invoice H-GAC for whatever fraction of the work has been completed, and then notify your project specialist that the remaining funds will not be utilized.

Q8. Can I apply for additional grant funds if my project is not yet complete?

A8. Yes, new applications are accepted at any time, even if you have one or more projects currently underway.

3.0 Invoicing

Q1. Can we do our own vehicle/engine destruction?

A1. No, this is not permitted. H-GAC requires an independent, third-party to complete the destruction process and submit documentation to the program for reimbursement.

Q2. Why is the salvage value deducted from the reimbursement request in the billing statement?

A2. The salvage value of the destroyed vehicle/engine is considered program income, and as such must be reinvested into the program. The simplest way to accomplish this is to deduct it from the reimbursed grant amount at the time of invoice.

Q3. My destruction vendor did not provide me with a salvage payment – therefore, nothing should be deducted from my grant amount, right?

A3. Every vendor on the Approved Destruction Vendor list for the Clean Vehicles Program is subject to a Performance Agreement that stipulates a minimum salvage value of \$250/engine or \$750/vehicle. If your salvage vendor did not provide you with payments in line with these amounts, please contact your project specialist to notify them of the problem. Be prepared to provide supporting documentation.

Q4. My organization plans to utilize a destruction vendor to complete the destruction process, but wishes to retain ownership of the salvaged components to use as spare parts and/or to resell. Is this permitted?

A4. Yes – however, the actual resale amount and/or default salvage values (\$250/engine or \$750/vehicle) must still be deducted from your grant reimbursement. For resale, you will need to provide supporting documentation showing the actual amount received from the transaction(s).

Q5. What if my destruction vendor completes the destruction process incorrectly?

A5. Every vendor on the Approved Destruction Vendor list for the Clean Vehicles Program is subject to a Performance Agreement that stipulates if, through non-compliance with their Performance Agreement, they render the recipient ineligible for grant reimbursement, the destruction vendor is responsible for reimbursing the grant recipient in an amount equal to the funds lost. H-GAC strongly urges your organization to take whatever additional precautions you deem appropriate to further protect yourself, such as executing your own agreement with the vendor, observing the destruction process, etc.

Q6. Can my organization receive the grant reimbursement directly rather than our lender?

A6. No, this is not permitted. To ensure that match requirements are met at the time of invoicing and reimbursement, a third-party agreement that assigns payment and responsibility to your lender MUST be in place prior to grant reimbursement.

Q7. When should I tell my lender to expect the grant reimbursement from H-GAC?

A7. The processing time of the grant reimbursement is dependent on the type of funds included in the grant package. However, typical processing time is 60 days once a complete invoicing package has been assembled. To provide padding in case of unanticipated delays, H-GAC recommends that you tell the lender to expect the grant reimbursement approximately 3-6 months following invoice submission.

Q8. My project is subject to delayed reimbursement – how will this be reflected in the billing statement?

A8. The billing statement will only reflect the amount that is actually to be reimbursed through any given invoice submittal. So for example, if your organization received a grant of \$40,000 for each of two trucks, each billing statement will reflect a reimbursement amount of \$10,000 for each truck.

Q9. My project is subject to delayed reimbursement – must I resubmit the relevant documentation for each invoice?

A9. No, your project specialist will attach the appropriate documentation from the original invoice submission for each subsequent invoice. You will only need to ensure that your quarterly reporting is complete and up-to-date, and that a new billing statement is signed for each subsequent invoice.

Q10. My project involves infrastructure and/or a tiered analysis – how should this be invoiced?

A10. The same types of documentation are required for fleet-based projects as for traditional vehicle-based projects: manufacturer's invoices, proof of payment, photographic proof of project implementation, and a billing statement.

Q11. Do we need to report the grant on our taxes?

A11. It is possible that the grant would need to be reported on your taxes. H-GAC recommends consulting with your tax professionals for further direction in this matter.

4.0 Reporting

Q1. When are my quarterly reports due?

A1. Quarterly reports are due on a calendar year schedule as follows:

Quarter 1 (January 1 – March 31) – DUE April 30

Quarter 2 (April 1 – June 30) – DUE July 31

Quarter 3 (July 1 – September 30) – DUE October 31

Quarter 4 (October 1 – December 31) – DUE January 31

Q2. What happens if my quarterly report is late?

A2. After a brief grace period, delinquency notices will be sent via certified mail requesting the reports to be submitted. If the report is still not submitted, a formal non-compliance letter will be sent via certified mail requesting a pro-rated refund in lieu of the report. If no satisfactory response is received at that time, the matter will be referred to H-GAC management for further action.

Q3. Can I request an extension on the report deadline?

A3. Yes – if mitigating circumstances make it difficult or impossible to submit the report on time, we strongly encourage you to pro-actively contact your project specialist and let them know about the delay, and to request an extension.

Q4. Why is maintenance information required in the quarterly report?

A4. If regular maintenance is not performed, premature deterioration may negatively impact the emissions characteristics of your project. Additionally, by providing a grant, H-GAC has acquired a financial interest in the continued function and usage of the equipment, and the reports provide a means to show that the agency's investment is being taken care of properly.

Q5. What if my usage drops due to changing economic conditions or business climate?

A5. Grant recipients are required to achieve at least 70% of the usage listed in their application and contract to ensure that emissions reductions are being achieved and grant eligibility is being maintained. If mitigating circumstances make this level difficult or impossible to achieve, we strongly encourage you to pro-actively contact your project specialist and let them know about the change in usage patterns. The project specialist will help you identify your options to maintain contract compliance.

Q6. I already turned in my report, and I've received another request/reminder to turn it again – why?

A6. The Clean Vehicles program processes hundreds of reports each year, and occasionally errors are made in sending duplicate requests/reminders to contractors for reports that have already been turned in. To reduce the frequency of such errors, staff has a formal report "check-in" process they are required to go through upon receiving each report. Part of this process entails sending a report receipt to the contractor to acknowledge the report has been submitted. Accordingly, if you do not receive a report receipt within a week of turning in your report, you should contact your project specialist to confirm they are working on processing it. Similarly, if you receive a report receipt, but then later receive a duplicate request/reminder, a copy of the report receipt can be presented to your project specialist as proof that you already submitted it.

Q7. When is my first report due?

A7. The reporting period is determined based on the first and last invoices that you submitted. The first report is due the first full quarter after you submitted your first invoice. For example, if you

submitted your first invoice for processing on October 20, 2011, your first report would be 2012 Q1, due April 30.

Q8. When is my last report due?

A8. The reporting period is determined based on the first and last invoices that you submitted. The last report is due quarter you submitted your last invoice, plus your project life. For example, if you submitted your last invoice for processing on January 15, 2012 and your project life is five years, your last report would be 2017 Q1, due April 30.

Q9. Why do you use invoice dates rather than in-service dates to set the reporting period requirements?

A9. The reporting requirements are in place in part because H-GAC has acquired a financial interest in the project. Invoice dates were thus adopted as a way to determine the reporting period because that is when H-GAC's financial interest begins and ends. Using invoices to set the period also assists staff in knowing when or when not to expect reports to be submitted, because sometimes there is a gap between in-service dates and invoicing dates that staff are not aware of.

Q10. We identified errors on previous reports that were submitted. How do we correct them?

A10. Revise the original report as needed, and then resubmit it to program staff along with a note describing the reason for the amendment(s).

Q11. What format should quarterly reports be submitted in?

A11. Reports completed in Excel and sent to the program mailbox is preferred. However, any readable format is accepted.

Q12. We are using GPS tracking on our autos/equipment – can we provide H-GAC access to this data in lieu of providing quarterly reports?

A12. So long as all required information is submitted or made available on a quarterly basis, GPS reports, formats, etc. can be utilized to help fulfill your monitoring requirements. If you choose to utilize/provide GPS information, be advised that you are still responsible for ensuring the accuracy of the data.

5.0 Early Release & Vehicle Loss

Q1. Why are there time restrictions on the deployment of substitute autos and equipment?

A1. The time restrictions for the deployment of substitute autos and equipment relative to the early release date and/or vehicle loss date are necessary to show that the auto/equipment is truly a **substitute** rather than typical fleet procurement practices, and also to show that the project funds maintain a connection to this substitute.

Q2. We listed the early release request and/or vehicle loss on the quarterly report – isn't this sufficient notification?

A2. No – early release requests and vehicle losses require separate written notification to program staff along with supporting documentation because they potentially alter the terms of the contract. An Early Release Request Form and/or a Vehicle Loss Documentation Form should be submitted to your project specialist as soon as possible to ensure continued contract compliance.

Q3. Can my substitute auto/equipment be purchased used?

A3. Yes, used autos/equipment can be approved as substitutes so long as they meet or exceed the pollution standards of the auto/equipment they are substituting for, they satisfy the deployment time restrictions, and they otherwise fulfill all other applicable requirements.

Q4. A lender is involved in the substitution transaction, but since H-GAC is not funding the substitution, then the lender shouldn't have to sign a third-party agreement, right?

A4. A third-party agreement is still required if a lender is involved in a substitution transaction because H-GAC still retains a financial interest in the project, and the lender still needs to acknowledge their responsibilities to H-GAC in case of default. The third-party agreement used for lenders involved in substitution transactions is modified from the standard agreement however, to remove provisions relating to assignment of payments.