

FUNDING AGREEMENT NO. 013-AB923-07/08-BOS

WITH ACTION WATERSPORTS OF TAHOE

This Agreement No. 013-AB923-07/08-BOS made and entered by and between the **EL DORADO COUNTY AIR QUALITY MANAGEMENT DISTRICT**, a county air pollution control district formed pursuant to California Health and Safety Code section 40100, et seq. (hereinafter referred to as "AQMD"); and **ACTION WATERSPORTS OF TAHOE**, (hereinafter referred to as "CONTRACTOR");

W I T N E S S E T H:

WHEREAS, the California Clean Air Act requires local air pollution control districts to reduce emissions from motor vehicles; and

WHEREAS, AB 923, codified in California Health and Safety Code section 44225, authorizes AQMD to impose an additional fee of up to two dollars upon certain registered motor vehicles within the AQMD, and the Governing Board of the AQMD has imposed said fee; and

WHEREAS, AB 923, codified in California Health and Safety Code section 44229 requires the AQMD to use said funds for projects (1) eligible for grants under the Carl Moyer Air Quality Standards Attainment Program; (2) the new purchase, retrofit, repower or add on equipment for previously unregulated agricultural sources of air pollution, (3) the new purchase of school buses pursuant to the Lower Emission School Bus Program, (4) an accelerated vehicle retirement or repair program, and

WHEREAS, CONTRACTOR has proposed a Project that meets the eligibility criteria for grants under the Carl Moyer Air Quality Standards Attainment Program and has applied to the Sacramento Metropolitan Air Quality Management District Heavy-Duty Low Emission Vehicle Incentive Program for funding, and

WHEREAS, Sacramento Metropolitan Air Quality Management District has approved the Project proposed by the CONTRACTOR and will enter into Agreement Number VET-07-0147 (hereinafter referred to as “Agreement VET-07-0147”) with the CONTRACTOR, and

WHEREAS, AQMD must contribute funding to Projects approved by Sacramento Metropolitan Air Quality Management in the Heavy-Duty Low Emission Vehicle Incentive Program located in ozone attainment areas such as the Lake Tahoe Air Basin; and

WHEREAS, CONTRACTOR represents that it is willing and able to perform the activities set forth herein.

NOW, THEREFORE, AQMD and CONTRACTOR mutually agree as follows:

1. PROJECT

CONTRACTOR shall perform all activities and work necessary to complete the Action Watersports of Tahoe Repower Project (hereafter referred to as “Project”) set forth in the fully described “Agreement VET-07-0147,” attached hereto as Exhibit I and incorporated herein by this reference. CONTRACTOR agrees to furnish all labor, materials, equipment, licenses, permits, fees, and other incidentals necessary to perform and complete, per schedule, in a professional manner, the services described herein. CONTRACTOR represents that CONTRACTOR has the expertise necessary to adequately perform the Project specified in said Agreement VET-07-0147.

In the event of any conflict between or among the terms and conditions of this Agreement, Agreement VET-07-0147 incorporated herein, and the documents referred to and incorporated herein, such conflict shall be resolved by giving precedence in the following order of priority:

1. To the text of this Agreement;
2. Agreement Number VET-07-0147

2. PERIOD OF PERFORMANCE/TIMETABLE

CONTRACTOR shall commence performance of work and produce all work products in accordance with the Work Statement and deadlines for performance identified in Agreement VET-07-0147, unless this Agreement is terminated sooner as provided for elsewhere in this Agreement.

If requested by the AQMD, CONTRACTOR shall submit regular progress reports, at intervals determined by the AQMD, detailing the work performed during the current reporting period; work planned for the next reporting period; problems identified, solved, and/or unresolved; and the percentage of each task completed. CONTRACTOR shall provide AQMD with a comprehensive final written report prior to the end of Agreement term. Said final report shall be complete and shall document the work performed under this Agreement.

3. COMPENSATION

AQMD will pay the CONTRACTOR the sum of Seventeen Thousand Seven Hundred Ninety Two Dollars (\$17,792.00) as follows:

CONTRACTOR shall obtain through other sources sufficient additional monies to fund the total cost of the CONTRACTOR of Project as outlined in the Agreement VET-07-0147. Satisfactory written evidence of such funding commitments shall be provided to AQMD prior to the release by AQMD of any funds under this Agreement. In the event funding from other sources for the total cost of the Project is not received by CONTRACTOR, AQMD reserves the right to terminate or renegotiate this Agreement.

The total obligation of the AQMD under this Agreement SHALL NOT EXCEED **Seventeen Thousand Seven Hundred Ninety Two Dollars and 00/100 (\$17,792)**.

A. **PAYMENTS**: Advance payments shall not be permitted. Payments will be permitted only at which time an equivalent service has been completed. The AQMD shall reimburse CONTRACTOR quarterly, in arrears, after receipt and verification submitted to AQMD, Attention: Marcella McTaggart. Payment shall be made to CONTRACTOR by the AQMD upon submission and evaluation of the CONTRACTOR'S invoice of claim. Said invoice of claim shall set forth the work completed pursuant to the Project pursuant to this Agreement.

Upon receipt of proper documentation, and verification that CONTRACTOR has satisfactorily completed the work for which compensation is sought and that the work is in accordance with Exhibit 1, AQMD will issue payment to CONTRACTOR within thirty (30) calendar days of verification.

The amount to be paid to CONTRACTOR under this Agreement includes all sales and use taxes incurred pursuant to this Agreement, if any, including any such taxes due on equipment purchased by the CONTRACTOR. The CONTRACTOR shall not receive additional compensation for reimbursement of such taxes and shall not decrease work to compensate therefore.

Concurrently with the submission of any claim for payment, CONTRACTOR shall certify (through copies of invoices issued, checks, receipts, and the like) that complete payment has been made to any and all subcontractors as provided.

It is understood that all expenses incidental to CONTRACTOR'S performance of services under this Agreement shall be borne exclusively by CONTRACTOR.

In no event shall compensation paid by the AQMD to the CONTRACTOR for the performance of all services and activities under this Agreement exceed the amount set forth in paragraph 3, Compensation.

B. **Surplus Funds:** Any compensation, which is not expended by CONTRACTOR pursuant to the terms and conditions of this Agreement by the Project completion date shall automatically revert to the AQMD. Only expenditures incurred by the CONTRACTOR in the direct performance of this Agreement will be reimbursed by the AQMD. Allowable expenditures under this Agreement are specifically established and included in Agreement VET-07-0147.

C. **Closeout Period:** All final claims shall be submitted by CONTRACTOR within sixty (60) days following the final month of activities for which payment is claimed. No action will be taken by AQMD on claims submitted beyond the 60-day closeout period.

4. **NON-ALLOCATION OF FUNDS**

The terms of this Agreement and the services to be provided thereunder are contingent on the approval of funds by the appropriating government agency. Should sufficient funds not be allocated, the services provided may be modified or this Agreement terminated at any time by giving the CONTRACTOR thirty (30) days prior written notice.

5. INDEPENDENT CONTRACTOR LIABILITY

CONTRACTOR is, and shall be at all times, deemed independent and shall be wholly responsible for the acts of CONTRACTOR'S employees, associates, and subcontractors, in connection with the performance of CONTRACTOR'S obligations under the Project.

6. TERMINATION

A. Breach of Agreement: The AQMD may immediately suspend or terminate this Agreement, in whole or in part, where in the determination of the AQMD there is:

1. An illegal or improper use of funds;
2. A failure to comply with any term of this Agreement;
3. A substantially incorrect or incomplete report submitted to the AQMD; or
4. Improperly performed services.

In no event shall any payment by the AQMD constitute a waiver by the AQMD of any breach of this Agreement or any default, which may then exist on the part of the CONTRACTOR. Neither shall such payment impair or prejudice any remedy available to the AQMD with respect to the breach or default. The AQMD shall have the right to demand of the CONTRACTOR the repayment to the AQMD of any funds disbursed to the CONTRACTOR under this Agreement which in the judgment of the AQMD were not expended in accordance with the terms of this Agreement. The CONTRACTOR shall promptly refund any such funds upon demand.

In addition to immediate suspension or termination, AQMD may impose any other remedies available at law, in equity, or otherwise specified in this Agreement.

B. Without Cause: Either party may terminate this Agreement at any time upon giving the other party at least thirty (30) days advance, written notice of intention to terminate. In such case,

the AQMD shall, subject to paragraph 3, pay its pro rata share of the reasonable value of all services satisfactorily rendered and actual, reasonable costs incurred up to the time of the termination.

7. CHANGES TO AGREEMENT

This Agreement may be amended by mutual consent of the parties hereto. Said amendments shall become effective only when in writing and fully executed by duly authorized officers of the parties hereto.

8. INDEMNIFICATION

CONTRACTOR shall defend, indemnify, and hold the AQMD harmless against and from any and all claims, suits, losses, damages and liability for damages of every name, kind and description, including attorneys fees and costs incurred, brought for, or on account of, injuries to or death of any person, including but not limited to workers, AQMD employees, and the public, or damage to property, or any economic or consequential losses, which are claimed to or in any way arise out of or are connected with the CONTRACTOR'S activities and work necessary to complete the Project unless such damage, loss, injury or death shall be caused by the sole or active negligence of the AQMD. This duty of CONTRACTOR to indemnify and save AQMD harmless includes the duties to defend set forth in California Civil Code, Section 2778.

AQMD shall indemnify CONTRACTOR against and hold it harmless from any loss, damage, and liability for damages, including attorney fees and other costs of defense incurred by CONTRACTOR, whether for damage to or loss of property, or injury to or death of CONTRACTOR'S officer's, agents, or employees which shall in any way arise out of or be connected with AQMD'S performance of its obligations hereunder, unless such damage, loss, injury, or death shall be caused solely by the negligence of the CONTRACTOR.

9. AUDITS AND INSPECTIONS

CONTRACTOR shall at any time during regular business hours, and as often as AQMD may deem necessary, make available to AQMD for examination all of CONTRACTOR's records and data with respect to the matters covered by this Agreement. CONTRACTOR shall, and upon request by AQMD, permit AQMD to audit and inspect all of such records and data necessary to ensure CONTRACTOR'S compliance with the terms of this Agreement. CONTRACTOR shall be subject to an audit by AQMD or its authorized representative to determine if the revenues received by CONTRACTOR were spent for the reduction of pollution as provided in AB 923 and to determine whether said funds were utilized as provided by law and this Agreement. If, after audit, AQMD makes a determination that funds provided CONTRACTOR pursuant to this Agreement were not spent in conformance with this Agreement, or AB 923 or any other applicable provisions of law, CONTRACTOR agrees to immediately reimburse AQMD all funds determined to have been expended not in conformance with said provisions.

CONTRACTOR shall retain all records and data for activities performed under this Agreement for at least three (3) years from the date of final payment under this Agreement or until all state and federal audits are completed for that fiscal year, whichever is later.

Because this Agreement exceeds Ten Thousand Dollars (\$10,000), CONTRACTOR shall be subject to the examination and audit of the Auditor General for a period of three (3) years after final payment under Agreement (Government Code Section 10532):

10. NOTICES TO PARTIES

All notices to be given by the parties hereto shall be in writing and served by depositing same in the United States Post Office, postage prepaid and return receipt requested. Notices to AQMD shall be in duplicate and addressed as follows:

CONTRACTOR

Action Watersports of Tahoe
P.O.Box 9653
South Lake Tahoe, CA 96158
Attn: Bob Hassett
President

AQMD

El Dorado County
Air Quality Management District
2850 Fairlane Court
Placerville, CA 95667
Attn: Marcella McTaggart,
Air Pollution Control Officer

11. TIME IS OF THE ESSENCE

It is understood that for CONTRACTOR'S performance under this Agreement, time is of the essence. The parties reasonably anticipate that CONTRACTOR will, to the reasonable satisfaction of the AQMD, complete all activities provided herein within the time schedule outlined in Agreement VET-07-0147.

12. COMPLIANCE WITH APPLICABLE LAWS

CONTRACTOR will comply with all federal, state, and local laws and ordinances which are or may be applicable to the Project to be undertaken by the CONTRACTOR including but not limited to California Health and Safety Code sections 44220 et seq., all Air Resources Board and AQMD criteria there under, prevailing wage and work day definitions where applicable, contracting license requirements and permits.

13. NO THIRD-PARTY BENEFICIARIES

Nothing in this Agreement shall be construed to create any rights of any kind or nature in any other party not a named party to this Agreement.

14. VENUE

Any dispute resolution action arising out of this Agreement, including but not limited to litigation, mediation, or arbitration, shall be brought in El Dorado County, California, and shall be resolved

in accordance with the laws of the State of California. CONTRACTOR waives any removal rights it might have under Code of Civil Procedure section 394.

15. ENTIRE AGREEMENT

This document and the documents referred to herein or exhibits hereto are the entire Agreement between the parties and they incorporate or supersede all prior written or oral Agreements or understandings.

16. AGREEMENT ADMINISTRATOR

The AQMD Officer or employee with responsibility for administration of this Agreement is Marcella McTaggart, Air Pollution Control Officer. The CONTRACTOR Officer or employee with responsibility for administration of this Agreement is Bob Hassett, President.


17. AUTHORIZED SIGNATURES

The parties to this Agreement represent that the undersigned individuals executing this Agreement on their respective behalf are fully authorized to do so by law or other appropriate instrument and to bind upon said parties to the obligations set forth herein.

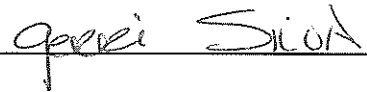
18. PARTIAL INVALIDITY

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.

REQUESTING DEPARTMENT CONCURRENCE:

By:  Dated: 6-13-07

Marcella McTaggart
Air Pollution Control Officer

By:  Dated: June 18, 2007

Gerri Silva, M.S., R.E.H.S
Director, El Dorado County Environmental Management Dept.


IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first herein above written.

**CONTRACTOR
ACTION WATERSPORTS OF TAHOE**

**AQMD
EL DORADO COUNTY
AIR QUALITY MANAGEMENT
DISTRICT**

Date: 6-22-07

Date: _____

By: 
**Bob Hassett
President**

By: _____
**Helen Bauman,
Chair**

**Attest:
Cindy Keck,
Clerk of the Board**

Date: _____

By: _____

EXHIBIT 1

**SACRAMENTO METROPOLITAN AIR
QUALITY MANAGEMENT DISTRICT**

AGREEMENT NO. VET-07-0147

**SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT
HEAVY-DUTY LOW EMISSION VEHICLE INCENTIVE PROGRAM AGREEMENT**

This Agreement (Agreement) is between the **Sacramento Metropolitan Air Quality Management District** (District), a public agency of the State of California, and **Action Water Sports of Tahoe** (Participant).

1.0 Recitals

- 1.1 The District is part of the Sacramento Federal Ozone Nonattainment Area (SFNA). The District is also in nonattainment of the state air quality standards for ozone and particulate matter.
- 1.2 Pursuant to Health and Safety Code §40961, the District is the local agency with the primary responsibility for the development, implementation, monitoring, and enforcement of air pollution control strategies, clean fuel programs, and motor vehicle use reduction measures.
- 1.3 Pursuant to Health and Safety Code §41062, §41081 and §41082, the District may undertake programs that include financial assistance or other incentives to fleet operators for the purchase, conversion, or operation of low-emission vehicle and engine technology, including but not limited to alternative fuels, zero-emission, and clean diesel technologies.
- 1.4 On February 5, 1998, the District Board of Directors approved Resolution No. 98-0007 authorizing the Heavy-Duty Low Emission Vehicle Incentive Program (Program), which is hereby incorporated by reference and made part of this agreement.
- 1.5 On April 26, 2001, the District Board of Directors approved Resolution No. 2001-020 authorizing the Air Pollution Control Officer (APCO) to execute funding agreements under the Program and to make minor modifications to the Program and associated agreements for the purpose of maintaining consistency with the state Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program).
- 1.6 On July 26, 2001, the District Board of Directors approved Resolution No. 2001-039 authorizing the Air Pollution Control Officer (APCO) to fund a small percentage of projects under the Program that occur in districts that contain areas that are within the Sacramento Federal Ozone Non-Attainment Area (SFNA) as well as areas that are designated "Attainment" and therefore are not within the SFNA. These projects are within the boundaries of adjacent Air Districts that allow the SMQMD to manage their Moyer Funds.
- 1.7 On September 23, 2004, Governor Schwarzenegger signed Assembly Bills 923, 1394, and 2128 which made major changes to the Carl Moyer Program and projects funded using Department of Motor Vehicles Surcharges, expanding the Carl Moyer Program to include light-duty vehicles, Fleet Modernization, and agricultural assistance projects.
- 1.8 To implement mobile source emission reduction projects, the Program provides incentives to fleet operators and individuals for the purchase, repower and/or retrofit of low-emission on-road motor vehicles, off-road mobile equipment, and agricultural water pumps.
- 1.9 The Participant wishes to participate in the Program by purchasing and operating the Equipment (as defined in Section 2.1.4) and represents that the purchase is not required by any local, state, and/or federal rule, regulation, memorandum, or other legally binding agreement, with the exception of certain agricultural projects described in Health and Safety Code §41081(d)(2)(ii).
- 1.10 The Participant has read and agreed to all requirements of the Program application and guidelines, the 2005 Carl Moyer Program Guidelines, and the County of Sacramento W-9 Waiver Form, which are hereby incorporated into this Agreement.
- 1.11 The Participant's purchase of the Replacement Vehicle is a completely voluntary act and the District has made no representations or guarantees to the Participant regarding the Equipment.

- 1.12 Resolution No. 2005-050, dated July 28, 2005 authorizes the Air Pollution Control Officer, in consultation with District Counsel, to make minor modifications to the Heavy Duty Agreement and authorization to execute the Heavy Duty Agreement.

2.0 Program Terms and Conditions

2.1 Definitions

- 2.1.1 "Applicable emission standards" are defined as the emission standards for oxides of nitrogen (NOx), particulate matter (PM), hydrocarbons, and carbon monoxide established by the California Air Resources Board (CARB) or the United States Environmental Protection Agency (USEPA) for a model year vehicle or engine, whichever is more stringent. For engines subject to the averaging, banking, and trading procedures as defined in Title 13, California Code of Regulations, §1956.8(a)(2) or §2423(b), the following standards apply:

Engine Model Year	Power Rating	NOx Standard	PM Standard
2007-2009 On-Road	All On-Road Heavy-Duty Diesel Engines	1.2 g/bhp-hr	0.01 g/bhp-hr
2012-2013 Off-Road	56 – 129 kW (75 – 174 HP)	2.2 g/kW-hr (1.6 g/bhp-hr)	0.02 g/kW-hr (0.01 g/bhp-hr)
2011-2013 Off-Road	130 – 560 kW (175 – 749 HP)	2.2 g/kW-hr (1.6 g/bhp-hr)	0.02 g/kW-hr (0.01 g/bhp-hr)

- 2.1.2 "Agricultural water pump" is defined as a stationary or portable device designed to move water used for agricultural purposes.
- 2.1.3 "Certified" is defined as a motor vehicle or engine that is certified by CARB or the USEPA to an emission standard or standards.
- 2.1.4 "Equipment" is defined as the agricultural water pumps, on-road motor vehicles, off-road equipment, devices, emission control systems and/or replacement engines identified in Exhibit B attached to this Agreement.
- 2.1.5 "Experimental Permit" is defined as an Executive Order issued by CARB for the experimental use of a non-certified or non-verified engine, fuel, or engine retrofit in California.
- 2.1.6 "Fleet Modernization" is defined as the transaction in which an older on-road motor vehicle or piece of off-road mobile equipment is destroyed and replaced with a similar motor vehicle or piece of equipment certified to a lower emission standard.
- 2.1.7 "Motor vehicle" is defined as a self-propelled device by which any person or property may be propelled, moved, or drawn upon a highway, but does not include a device moved exclusively by human power or used exclusively upon stationary rails or tracks.
- 2.1.8 "Off-road equipment" is defined as a self-propelled device not intended for operation on a highway that is powered by an engine certified to off-road or nonroad emission standards.
- 2.1.9 "Repower" is defined as the process in which an old engine is replaced with a new engine.
- 2.1.10 "Retrofit" is defined as the installation of a device designed to reduce emissions from an engine.
- 2.1.11 "Sacramento Federal Nonattainment Area" is defined as the geographic region classified by the USEPA as nonattainment for the 8-hr ozone air quality standard including all or parts of the

Counties of Sacramento, Yolo, and portions of El Dorado, Placer, Solano, and Sutter. A map of these areas is provided in Exhibit A.

- 2.1.12 "Tier 3" is defined as the emission certification of an off-road compression ignition engine to the Tier 3 emission standards as described in §2423(b)(1) of the California Code of Regulations.
- 2.1.13 "Verified" is defined as a device, fuel, or system that is verified by CARB or the USEPA to reduce emissions from a mobile source by a verified amount.

2.2 Participant Obligations – the Participant will:

- 2.2.1 Purchase and begin operating the Equipment within 180 days of execution of this Agreement. Participant may submit a written request to extend this time period if it is unable to comply with the deadline due to circumstances beyond the Participant's reasonable control.
- 2.2.2 For Fleet Modernization, locomotive, and marine projects, ensure that a District approved Electronic Usage Meter is installed on the Equipment.
- 2.2.3 Operate the Equipment in the SFNA during the term of this agreement in accordance with the requirements in Exhibit C. In addition to meeting the operating requirements established in Exhibit C, not less than 75% of the total operation of the Equipment must occur within California. If the Equipment is an agricultural water pump, then 100% of its operation must occur within the SFNA.
- 2.2.4 Maintain the minimum level of required insurance described in Exhibit D during the term of this Agreement, including the requirement to insure the Equipment for its replacement cost, and ensure that the District is named as an additional insured under the policy.
- 2.2.5 Submit annual use reports at least once annually or as requested by SMAQMD, and ARB staff, or their representatives. The annual reports must summarize the information developed under Section 3.5.
- 2.2.6 Affix and display two decals approved by the District on the Equipment in a location normally visible during operation identifying the Equipment as participating in a District incentive program.

2.3 Payment

- 2.3.1 The District will reimburse the Participant up to **\$88,958.00** towards the cost of the Equipment.
- 2.3.2 _____ By initializing this paragraph, the Participant authorizes the District to issue a two-party check in the name of the Participant and . If the Equipment is a motor vehicle, Participant must insure that, following Participant's purchase, Vehicle Dealership promptly applies for and obtains a title certificate from the California Department of Motor Vehicles denoting Participant as "Owner" and District as "Title Holder."
- 2.3.3 No payments will be issued under this Agreement prior to final inspection of the project by District personnel.
- 2.3.4 Any payments made under this Agreement are subject to the provisions and limitations of Health and Safety Code. The District has no liability for payment of any compensation and expenses that are found to be in contravention of the Health and Safety Code or any other local, state, or federal law. The Participant must reimburse the District for any payments that are later found to be in contravention of this Agreement or of the Health and Safety Code or any other local, state, or federal law.
- 2.3.5 Payments made under this Agreement may be subject to taxation. The District will issue an IRS Form 1099 to the Participant. Funds may be withheld by the County of Sacramento as required by law for payment of tax liabilities and/or other court-ordered payments.

2.4 General Program Requirements

- 2.4.1 The Participant warrants that the Equipment meets all the eligibility requirements described in the Program application and the Program guidelines. The Participant further agrees to operate the Equipment in a manner that is consistent with the eligibility requirements in the guidelines and the goals and objectives of the Program.
- 2.4.2 The Participant may not apply for or receive additional incentive funds, including but not limited to the state Carl Moyer Program inter-district fund or any other air district fund, including those funds used as matching funds, for any of the Equipment. This requirement may be waived by the District. If the District discovers that the Participant has applied for or received funds from these sources without a District waiver, the District will terminate this Agreement. If the Agreement is terminated under this Section, the Participant must refund any funds paid to it under this Agreement.
- 2.4.3 The Participant agrees to operate the Equipment within the manufacturer's specifications, including all maintenance and fueling requirements. Participant must install an operational odometer, hour meter, or any other District-approved usage measuring device on all the Equipment and ensure that the device is operated whenever the Equipment is operated. Under no circumstances may the Participant tamper with or make any modifications to the Equipment, engine, emission control system(s), or any recording devices on the Equipment that are prohibited under CARB and USEPA regulations. The Participant will operate the Equipment in compliance with all local, state, and federal rules, laws, and regulations.
- 2.4.4 Participant grants to the District a security interest in the Equipment to secure its performance under this Agreement. Participant authorizes the District to prepare and file applications, financing statements, continuation statements, statements of assignment, termination statements, and the like, as necessary to perfect, protect, preserve, or release District's interest in the Equipment.

2.5 Engine Repower and Retrofit Requirements – This Agreement is or is not subject to the following requirements:

2.5.1 The low-emission engine or engine retrofit must be either:

- (i) CARB Certified; or
- (ii) CARB Verified; or
- (iii) Under an experimental permit issued by CARB; or
- (iv) In cases where federal law preempts state requirements, approved for use by the USEPA

Engines certified to a level that is less stringent than the standard applicable to the replaced engine for any pollutant are ineligible for funding under this agreement.

2.5.2 Any engine retrofit funded under this Agreement must reduce either oxides of nitrogen or particulate matter emissions by a minimum of 25% for either pollutant.

2.5.3 If the Participant is replacing or repowering an engine, the Participant must either:

- (i) Destroy the replaced or repowered engine in a manner acceptable to the District. If the engine is destroyed, the Participant must permit the District to inspect the destroyed engine; or
- (ii) Implement a District approved destruction alternative. The District may approve a destruction alternative only if there are special circumstances justifying the use of an alternative, and the alternative will not have a detrimental impact on air quality.

- 2.5.4 The Participant must submit copies of itemized invoices from service providers that confirm:
- (i) Installation of a functional odometer/hour meter; and
 - (ii) PM control device installation verification (if applicable)

Each invoice must include vehicle/equipment identification number, engine serial number, odometer/hour meter reading, and date service was provided.

- 2.6 Fleet Modernization Requirements – This Agreement is or is not subject to the following requirements:

- 2.6.1 The replacement motor vehicle or off-road equipment must be either:

- (i) CARB Certified; or
- (ii) Under an experimental permit issued by CARB; or
- (iii) In cases where federal law preempts state requirements, approved for use by the USEPA

Engines certified to a level that is less stringent than the standard applicable to the replaced engine for any pollutant are ineligible for funding under this agreement.

- 2.6.2 Motor vehicles equipped with 1993-1998 on-road heavy-duty diesel engines covered under the 1998 EPA/CARB Consent Decree and Settlement Agreement are ineligible for funding under the Program.

- 2.6.3 The Participant must meet the following requirements, and submit certifications to the District verifying that the requirements have been met. Unless otherwise indicated, the certifications must be submitted to the District before the District will be obligated to release the incentive funds to the Participant. An example of each certification form is included in Exhibit E.

- (i) **Existing Vehicle Acceptance and Salvage Certificate Form:** This form certifies that the existing vehicle is properly salvaged. A copy of this certificate must accompany the existing vehicle when it is turned in to the vehicle dealership and must accompany the existing vehicle when it is sent to the salvage yard for destruction.
- (ii) **Vehicle / Equipment Inspection Certification Form:** This form certifies that the existing vehicle and the replacement Equipment have been properly inspected to ensure that both comply with Program guidelines.

- 2.6.4 The Participant must submit copies of invoices from service providers that include:

- (i) confirmation that the digital odometer/hour meter has been properly installed and is operational; and
- (ii) confirmation that the particulate matter control device has been properly installed and is operational; and
- (iii) proof that the engine warranty conforms to Program Guidelines; and
- (iv) proof that vehicle finance documents conform to Program Guidelines

Each invoice must include vehicle identification number, engine serial number, odometer reading, and date service was provided.

- 2.6.5 The Participant agrees to the following motor vehicle title requirements:

- (i) The Participant will provide a copy of the replacement vehicle's title to the District, demonstrating that the District is named as a lien holder for the vehicle.

- (ii) The Participant must be the legal owner of the replacement vehicle throughout the term of this Agreement.
 - (iii) If the replacement vehicle is financed, the Participant will list both the District and the Finance Company as lien holders for the vehicle.
 - (iv) If the replacement vehicle is financed, and the loan is repaid before the termination of this Agreement, the Participant must ensure that the District remains a lien holder on the replacement vehicle for the term of this Agreement.
 - (v) If the replacement vehicle is repossessed by the finance company, the Participant must reimburse the District in accordance with the termination formula in Section 2.8.
 - (vi) Any changes to the replacement vehicle's title must be pre-approved in writing by the District.
- 2.6.6 The replaced Equipment must be in good operating condition when the Participant delivers it to a District-approved vehicle dealership. The replaced Equipment must be subsequently transferred to a District-approved salvage yard for destruction. The Participant must ensure that a Nonrepairable Vehicle Certificate is filed with the Department of Motor Vehicles.
- 2.6.7 The Participant agrees to operate the Equipment in the same vocation as approved in the application to the Program. The Participant may petition the District for approval to change vocations. The Participant agrees that the District's determination will be final.
- 2.7 New Low-Emission Vehicle Purchase – This Agreement is or is not subject to the following requirements:
- 2.7.1 New low-emission vehicles must be certified by CARB to an oxides of nitrogen emission level at or below the applicable standard for that motor vehicle or piece of off-road mobile equipment. Low-emission vehicle or engine technology under an experimental permit from CARB are also eligible for funding under the Program.
 - 2.7.2 The low-emission vehicle or engine technology funded under Section 2.7.1 must achieve at least a 30% reduction in oxides of nitrogen emissions as compared to the applicable baseline emission standards for the specific model year and power rating.
 - 2.7.3 The low-emission vehicle or engine technology funded under Section 2.7.1 must not be certified to particulate matter, hydrocarbons, and/or carbon monoxide levels at or below the applicable baseline emission standards for the specific model year and power rating.
 - 2.7.4 The Participant must submit copies of invoices from service providers that includes:
 - (i) confirmation that the digital odometer/hour meter has been properly installed and is operational; and
 - (ii) proof that the vehicle finance documents conform to Program GuidelinesEach invoice must include vehicle identification number, engine serial number, odometer reading, and date service was provided.
 - 2.7.5 The Participant agrees to the following motor vehicle title requirements:
 - (i) The Participant will provide a copy of the replacement vehicle's title to the District, demonstrating that the District is named as a lien holder for the vehicle.
 - (ii) The Participant must be the legal owner of the replacement vehicle throughout the term of this Agreement. Any changes to the replacement vehicle's title must be pre-approved in writing by the District.

- (iii) If the replacement vehicle is financed, the Participant will list both the District and the Finance Company as lien holders for the vehicle.
- (iv) If the replacement vehicle is financed, and the loan is repaid before the termination of this Agreement, the Participant must ensure that the District remains a lien holder on the replacement vehicle for the term of this Agreement.
- (v) If the replacement vehicle is repossessed by the finance company, the Participant must reimburse the District in accordance with the termination formula in Section 2.8.

2.8 Upon termination of this Agreement, if the Participant has failed to fulfill the minimum required operation, the Participant must refund to the District an amount based on the difference between the required level of operation and the actual level of operation, according to the following formula:

$$A = I * [(O * L) - C] / (O * L)$$

A = Amount Owed to the District

I = Total Incentive Award

O = Annual Operational Requirement (miles, hours or gallons)

L = Length of the Agreement in Years

C = Actual Operation (miles, hours, or gallons)

The APCO may, at his or her sole discretion, relieve this obligation to return the funds after considering the circumstances leading to the failure to fulfill the minimum performance requirements. Additionally, the APCO may, at his or her sole discretion, require full reimbursement of all funds paid to the Participant as outlined under 3.11.

2.9 The parties acknowledge that this Agreement will be funded by incentive fund revenues being transferred to the District; however, the District may terminate this Agreement if: (i) it does not receive all or a portion of the revenues, or (ii) funds are not specifically appropriated for this Agreement in the District's final budget prior to the expiration of the Agreement and any Agreement extensions. If the District terminates this Agreement under this paragraph, it will serve notice of the action on the Participant within 10 working days.

3.0 General Terms and Conditions

3.1 This Agreement will begin upon execution by all parties and terminate on **12/31/2012**. No work may begin on this project until this Agreement is executed by all parties. For this Agreement, the timeframe indicated by the execution of this Agreement and termination date stated in this paragraph will serve as the contract term including both the project completion and project implementation periods. Notwithstanding the expiration or earlier termination of this Agreement, the District's security interest in the Replacement Vehicle will continue in full force and effect until Participant fully satisfies its obligations under this Agreement.

3.2 Except as specified in Section 3.2.2, the receipt of funds and performance under this Agreement prohibits application for any form of emission reduction credit for the emission reductions resulting from the replacement, retrofit or repowering of the Equipment.

3.2.1 This prohibition includes, but is not limited to all attainment, nonattainment, criteria and noncriteria pollutants, global climate change emissions (including carbon dioxide), application for Emission Reduction Credits (ERC), Mobile Emission Reduction Credits (MERC) and/or Certificates of Advanced Placement (CAP). This prohibition extends to credits from all Air Quality Management or Air Pollution Control Districts.

3.2.2 For projects involving the replacement of a stationary diesel agricultural water pump with an electric water pump in conjunction with the Pacific Gas & Electric Company's (PG&E) PUC-approved discounted AG-ICE electric rate program, PG&E may retain all of the carbon dioxide credits and a portion of the remaining emission credits for reductions generated through this Agreement. The portion of the remaining emission credits retained by PG&E will be the

difference in emissions between a Tier 3 diesel engine and the emissions associated with generating electricity for the electric pump.

- 3.3 The District, CARB, or their designee may conduct an audit of the Participant's operations to confirm that the Participant is complying with the Agreement terms.
- 3.3.1 As a condition of accepting funds, the Participant agrees to designate CARB as a third-party beneficiary with full auditing, inspection, and enforcement rights throughout the entire term of the Agreement.
 - 3.3.2 Any audits will be conducted at a reasonable time and with reasonable notice to the Participant. The Participant agrees to provide the District and CARB with on-site access to the Equipment.
- 3.4 The Participant must defend, indemnify, and hold harmless District, CARB, its officers, agents, employees and volunteers from any and all losses, costs, damages, fines or expenses (including attorney fees, court costs and expert fees) or liability of any kind or character to any person or property arising from, or alleged to arise from, any breach of the responsibilities required of the Participant by this Agreement or which are related in any way to the Equipment, including any and all liability for general, special, consequential, or other damages resulting from the use of the Equipment by the Participant, for which financial assistance or other incentives are received from the District by the Participant.
- 3.5 **This section 3.5 will survive the termination of this Agreement for three years following the end date listed in Section 3.1.** The Participant must keep the following records from the beginning of operation of the Equipment through the end of the term described in Section 3.1 and for three years following the end date listed in Section 3.1. It is the responsibility of the Participant to maintain records adequate to document the subsequent information. The District may request these records at any time during the term of this Agreement, including:

For On-Road Projects	For Off-Road Projects
1. Copies of all driver log book entries for the preceding year	1. Hours operated
2. Miles traveled	2. Fuel consumed
3. Fuel consumed	3. Fuel cost
4. Fuel cost	4. Engine downtime
5. Vehicle downtime	5. Type and cost of maintenance performed
6. Type and cost of maintenance performed	

- 3.6 The Participant must maintain in force at all times during the term of this Agreement and any extensions or modifications thereto, insurance in accordance with Exhibit D. In the event the Participant does not have the required certificate of insurance, or if the required insurance lapses, this Agreement will be terminated immediately.
- 3.7 No alteration or variation of the terms of this Agreement is valid unless made in writing and signed by both parties.
- 3.8 The Participant must observe and comply with all applicable federal, state and District statutes, ordinances, regulations, rules, directives, and laws. This Agreement is deemed to be executed within the State of California and construed in accordance with and governed by the laws of the State of California. If a provision of this Agreement violates any applicable law or regulation, that provision will be stricken from the Agreement, and all other provisions will remain in full force. Any action or proceeding arising out of this Agreement must be filed in a state court or federal court located in Sacramento, California.
- 3.9 No performance rendered or payment due under this Agreement may be delegated or assigned without the written consent of all the parties hereto. If the Participant assigns any of its rights or obligations under this contract, all of the terms and conditions of this contract will apply to the Participant's assignee.

- 3.10 The Participant will submit written documentation of performance towards the requirements outlined in Exhibit C to the District by December 31 of each year until termination of this Agreement. The District may request additional performance documentation at its discretion.
- 3.11 This Agreement may be terminated by the District upon 30-day notice if the Participant fails to meet any of the obligations established in this Agreement or outlined in the Carl Moyer Program guidelines or the Health and Safety Code. If the Agreement is terminated, the Participant will refund the entire incentive paid by the District. The APCO may, at his or her discretion, waive the refund or allow the Participant an opportunity to cure its failure to meet the Agreement obligations. Additionally, the District or CARB may seek all available remedies for breaches of any Agreement provisions, Carl Moyer Program requirements, or Health and Safety Code.
- 3.12 The Participant may not sell or encumber the Equipment without the written consent of the District.
- 3.13 The District has made no representations or guarantees to the Participant regarding the quality, condition, or proposed use of the low emission vehicle and engine technology funded under this Agreement or the effects of such technology on the normal operations of the Participant.
- 3.14 Notice of Significant Events. Participant must provide to District prompt written notice of the following events:
 - 3.14.1 Any pending litigation or governmental action that may have a material adverse effect on Participant's ability to operate its business in the ordinary course, or Participant's ability to perform this Agreement.
 - 3.14.2 Any change in its name, adoption of a fictitious business name, change in the location of its principal place of business, change in its business structure (such as from a sole proprietorship to a corporation), any proposed sale or transfer of substantially all its operating assets, and any proposed sale or transfer of 20.0% of its equity ownership or control.
 - 3.14.3 The filing of any petition in bankruptcy by or against Participant.
 - 3.14.4 The occurrence of any catastrophic loss to Participant, Participant's principal place of business, or Participant's operating assets.
 - 3.14.5 The death or incapacity of Participant's owner or employee acting in the capacity of a chief executive officer or a chief operating officer.
- 3.15 **UCC-1 Form:** The Participant must file a UCC-1 Form giving the District a security interest in the Replacement Vehicle for the full amount of the funds paid to Participant under this Agreement. Participant must provide the District with a copy of the filed UCC-1 Form prior to receiving funds under this Agreement.
- 3.16 This Agreement will bind the successors of the District and Participant in the same manner as if they were expressly named.
- 3.17 Correspondence between the District and Participant should be addressed to the following:

To District	To Participant
Gary Bailey Sacramento Metropolitan AQMD 777 12 th Street, 3 rd Floor Sacramento, CA 95814-1908 Phone: (916) 874-4893 FAX: (916) 874-4899	Bob Hasset Action Water Sports of Tahoe P.O. Box 9653 South Lake Tahoe, CA, 96158- Phone: (530) 544-0203 FAX: (530) 544-9836

The address and/or contacts may be changed only by written notice to the other party. Such written notice may be given by mail or personal service.

3.18 This Agreement consists of the following:

- (i) Participant Agreement
- (ii) Exhibit A – Map of Sacramento Federal Nonattainment Area
- (iii) Exhibit B – Vehicle and Engine Information Page
- (iv) Exhibit C – Performance Requirements
- (v) Exhibit D – Insurance Requirements
- (vi) Exhibit E – Certificates (for Fleet Modernization projects only)

DRAFT

DISCLOSURE AGREEMENT: The undersigned representative of Participant affirmatively states that neither they nor any other representative of Participant will submit another application or sign another contract for the same Equipment described in Exhibit B with any other source of funds, including but not limited to other air districts or multidistrict funding under the Carl Moyer Program.

Any owner or owner's designee who is found to have submitted multiple applications or signed multiple contracts for the same Equipment must, at a minimum, be disqualified from funding for that Equipment from all sources, may be required to reimburse the public agencies for any monies received, and may also be banned from submitting future applications to any and all Carl Moyer Program solicitations. In addition, as a violation of law, including but not limited to the Health and Safety Code and Business and Professions Code, ARB and the districts may levee fines and/or seek criminal charges.

The undersigned representative of Participant has read and agrees to comply with all terms and conditions in this Agreement and also affirmatively states that he or she has legal authority to bind Participant to the terms and conditions of this Agreement.

Approved by Participant

Bob Hasset
President

Date: _____

Approved by the Sacramento Metropolitan Air Quality Management District

Larry Greene
Air Pollution Control Officer

Date: _____

Reviewed by:

Kathrine Pittard
District Counsel

EXHIBIT A – MAP OF SACRAMENTO FEDERAL NONATTAINMENT AREA (SFNA)

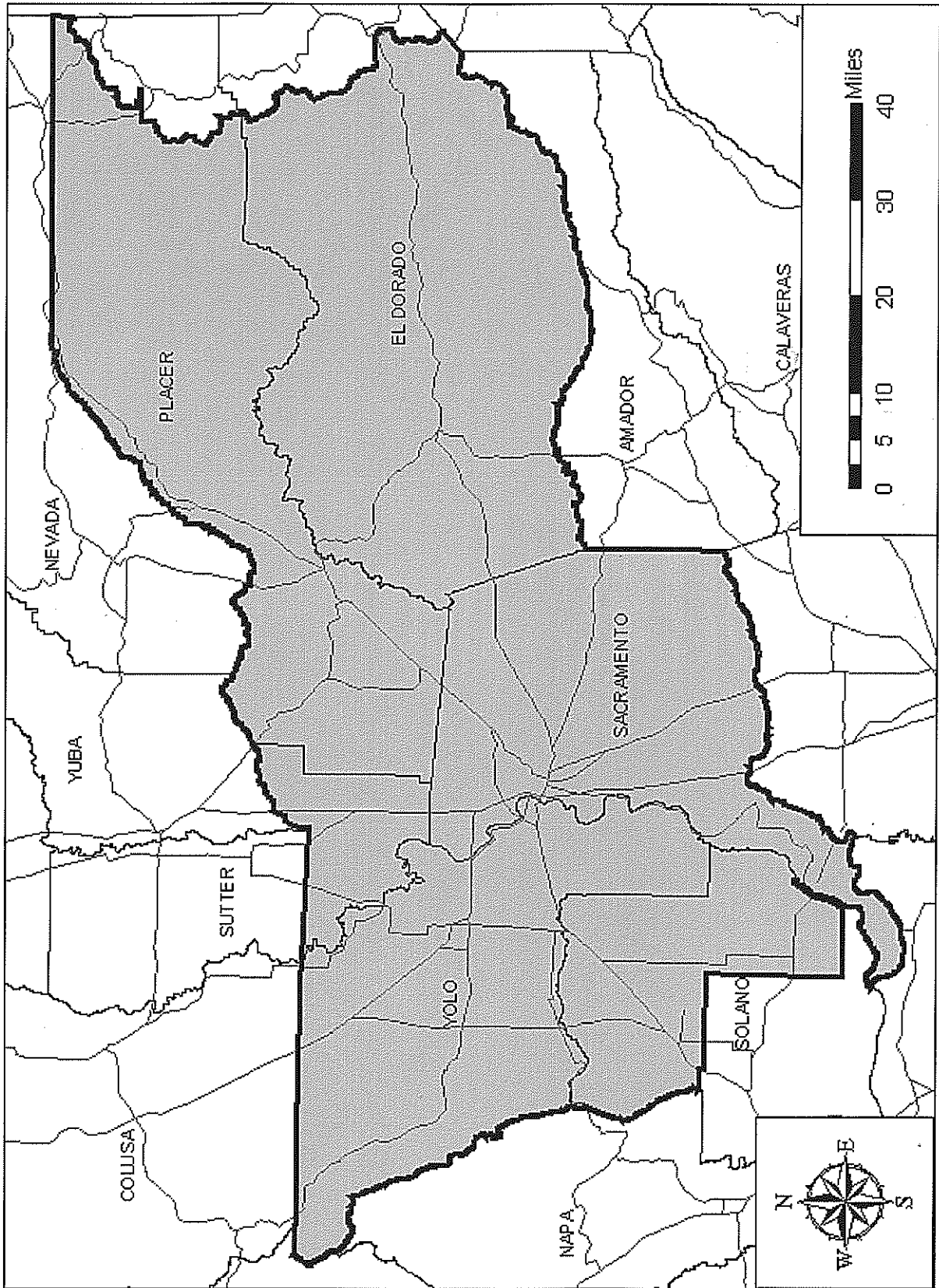


EXHIBIT B

Vehicle / Equipment Information Form

Vocation(s) (Please list all vehicle/equipment uses): OFF-ROAD

Equipment: SPECIALTY VEHICLE

Project Type: REPOWER

Counties Vehicle Currently Operates (check all that apply)

<input type="checkbox"/>	Sacramento	<input type="checkbox"/>	Yolo	<input type="checkbox"/>	Solano	<input checked="" type="checkbox"/>	El Dorado	<input type="checkbox"/>	Placer	<input type="checkbox"/>	Sutter
Main Location of Operation (include cross streets)											

Annual Vehicle Usage Information (be able to prove mileage/hours -- map available for reference)

	Within the Sacramento Ozone Non-Attainment Area		Outside of Sacramento Ozone Non-Attainment Area		Total Operation
	May-October	November-April	May-October	November-April	
Miles/Hours	1,000	100	0	0	1,100

Existing Vehicle Information

Make: MUNSON MARINE	Model: 49 PAX WATER TAXI	Model Year: 1987	GVWR:
Vehicle Identification Number:	Fleet Identification Number: FUN RUNNER	License Plate:	Odometer:

Existing Engine Information

Make: CUMMINS	Model: VT903	Model Yr: 1975	Serial Number: 10223098	HP: 425	Hour Meter:
Fuel Type: GASOLINE					

New or Replacement Vehicle Information

Make: MUNSON MARINE	Model: 49 PAX WATER TAXI	Model Year: 1987	GVWR:
Vehicle Identification Number:	Fleet Identification Number: FUN RUNNER	License Plate:	Odometer:

New Engine or Retrofit System Information

Make: CUMMINS	Model: QSC 8.3	Model Yr: 2007	Serial Number:	HP: 500	NOx Cert: 4.17 g/bhp-hr
Fuel Type: GASOLINE	Retrofit Make:		Retrofit Model:		

EXHIBIT B

Vehicle / Equipment Information Form

Vocation(s) (Please list all vehicle/equipment uses): OFF-ROAD

Equipment: SPECIALTY VEHICLE

Project Type: REPOWER

Counties Vehicle Currently Operates (check all that apply)

<input type="checkbox"/>	Sacramento	<input type="checkbox"/>	Yolo	<input type="checkbox"/>	Solano	<input checked="" type="checkbox"/>	El Dorado	<input type="checkbox"/>	Placer	<input type="checkbox"/>	Sutter
Main Location of Operation (include cross streets)											

Annual Vehicle Usage Information (be able to prove mileage/hours -- map available for reference)

	Within the Sacramento Ozone Non-Attainment Area		Outside of Sacramento Ozone Non-Attainment Area		Total Operation
	May-October	November-April	May-October	November-April	
Miles/Hours	1,000	100	0	0	1,100

Existing Vehicle Information

Make: MUNSON MARINE	Model: 49 PAX WATER TAXI	Model Year: 1987	GVWR:
Vehicle Identification Number:	Fleet Identification Number: FUN RUNNER	License Plate:	Odometer:

Existing Engine Information

Make: CUMMINS	Model: VT903	Model Yr: 1975	Serial Number: 10391048	HP: 425	Hour Meter:
Fuel Type: GASOLINE					

New or Replacement Vehicle Information

Make: MUNSON MARINE	Model: 49 PAX WATER TAXI	Model Year: 1987	GVWR:
Vehicle Identification Number:	Fleet Identification Number: FUN RUNNER	License Plate:	Odometer:

New Engine or Retrofit System Information

Make: CUMMINS	Model: QSC 8.3	Model Yr: 2007	Serial Number:	HP: 500	NOx Cert: 4.17 g/bhp-hr
Fuel Type: GASOLINE	Retrofit Make:		Retrofit Model:		

EXHIBIT C – PERFORMANCE REQUIREMENTS

The below listed vehicle(s)/engine(s) must meet the minimum performance requirements shown to avoid reimbursement according to Section 2.8 of this Agreement

Vehicle and Engine Year Make & Model*	Vehicle and Engine Serial Numbers*	Minimum Usage (hours or miles)	Anticipated Annual NOx Reduction (tons)	Payback Requirement per Hour/Mile	Maximum Incentive Amount
MUNSON MARINE 49 PAX WATER TAXI 2007 CUMMINS QSC 8.3		5,500	1.03	\$8.09	\$44,480
MUNSON MARINE 49 PAX WATER TAXI 2007 CUMMINS QSC 8.3		5,500	1.03	\$8.09	\$44,480
Total			2.05		\$88,960.00

* The District will fill in information upon verification of project completion.

EXHIBIT D – INSURANCE REQUIREMENTS

Verification of Coverage

Participant must furnish the District with certificates evidencing the coverage required below. Certified copies of required endorsements must be attached to provided certificates. All certificates are to be received and approved by the District before work commences. The District reserves the right to require Participant to provide complete, certified copies of any policy of insurance offered in compliance with these specifications. As an alternative to insurance certificates, Participant's insurer may voluntarily provide complete, certified copies of all required insurance policies, including endorsements, effecting the coverage required by these specifications. The District will be named as co-insured on all required insurance policies.

Minimum Scope of Insurance

During the term of this Agreement, Participant must, at its sole expense, obtain and maintain in full force and effect the type and limits of liability requirements as follows:

Coverage must be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001, most recent edition).
2. Insurance Services Office form CA 0001 (most recent edition) covering Automobile Liability, code 1 (any auto).
3. Worker's Compensation insurance as required by the State of California.
4. Comprehensive and collision coverage sufficient to replace the motor vehicle(s) and emission control system(s) included in this project.
5. Verification of insurance coverage equal to the replacement costs of the engine and/or emission control system(s) included in this project.

Minimum Limits of Insurance

Participant must maintain limits no less than:

1. **General Liability:** \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit must apply separately to this project/location or the general aggregate limit must be twice the required occurrence limit.
2. **Automobile Liability:** \$1,000,000 per accident for bodily injury and property damage.
3. **Worker's Compensation:** Statutory
4. **Comprehensive/Collision:** Equal to the full replacement cost
5. **Property Loss or Damage:** Equal to the full replacement cost

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII. The District Liability and Property Insurance Manager may waive or alter this requirement, or accept self-insurance in lieu of any required policy of insurance if, in the opinion of the Risk Manager, the interests of the District and the general public are adequately protected.

EXHIBIT E – CERTIFICATES

DRAFT

CERTIFICATE

Existing Vehicle Acceptance and Salvage

Participant Agreement

Participant

Bob Hasset
Action Water Sports of Tahoe
P.O. Box 9653
South Lake Tahoe, CA, 96158-
(530) 544-0203

Agreement Number VET-07-0147

Existing Vehicle / Engine Information

Make:

Engine Make:

Model:

Model:

Year:

Year:

VIN:

Engine Serial Number:

Odometer Reading:

Horsepower:

Date existing vehicle was accepted by dealership:

Dealership Statement:

I certify under penalty of perjury that: (i) ownership of the vehicle identified above was transferred to me on _____, and (ii) I understand that I have 30 days to transfer vehicle to an authorized salvage company for salvage, as provided in the Program guidelines and Master Agreement.

Dealership:

Address:

City, State, Zip:

Phone Number:

(business stamp ok)

Authorized Name:

Authorized Signature:

Date:

Date salvage yard received vehicle:

Salvage Yard Statement:

I certify under penalty of perjury that within 30 days from the date I received the old vehicle or engine identified above: (i) the engine block was cracked, (ii) the vehicle frame rails cut, and (iii) a Non-Repairable Vehicle Notice has been filed with the DMV. Photos of the destroyed vehicle that are required under the Program Guidelines are attached to this Existing Vehicle Acceptance and Salvage Certificate.

Dealership:

Address:

City, State, Zip:

Phone Number:

(business stamp ok)

Authorized Name:

Authorized Signature:

Date:

CERTIFICATE

Vehicle / Equipment Inspection Form

Participant Agreement

Participant Information

Bob Hasset
Action Water Sports of Tahoe
P.O. Box 9653
South Lake Tahoe, CA, 96158-
(530) 544-0203

Agreement Number VET-07-0147

Existing Vehicle / Engine Information**Inspection Date:**

Vehicle Make:

Engine Make:

Model:

Model:

Year:

Year:

VIN:

Engine Serial Number:

Odometer Reading:

Horsepower:

New Vehicle / Engine Information**Inspection Date:**

Vehicle Make:

Engine Make:

Model:

Model:

Year:

Year:

VIN:

Engine Serial Number:

Odometer Reading:

Horsepower:

Dealership Statement:

I certify under penalty of perjury that: (i) the information provided above is accurate, and (ii) that I understand that this Vehicle / Equipment Inspection Certificate is incorporated in the Master Agreement.

Dealership:

Address:

City, State, Zip:

Phone Number:

(business stamp ok)

Authorized Name:

Authorized Signature:

Date:

**SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT
HEAVY-DUTY LOW-EMISSION VEHICLE INCENTIVE PROGRAMS
On-Road and Off-Road Application Form**

Instructions: > Read all SMAQMD Incentive Program guidelines for instructions. > Fill in all applicable sections with ink. Please print legibly. > Return application to: Heavy Duty Incentive Program, SMAQMD 777 12 th Street, Suite 300 Sacramento, CA 95814	Application #:
	VET #:
	Date Received: <i>(For office use only)</i>

Applicant Information

Company Name	Action Water Sports of Tahoe	Mailing Address	P.O. Box 9653		
Contact Person	Bob Hasset	City	South Lake Tahoe	State	CA
Title	President	ZIP	96158-	County	El Dorado
Phone Number	(530) 544-0203	<i>Fill in physical address below if different from mailing address</i>			
Fax Number	(530) 544-9836	Physical Address	Tahoe Keys Marina		
E-mail Address	wtrspt@charter.net	City	South Lake Tahoe	State	CA
Cell Number		ZIP		County	
Tax ID (Check One)	<input checked="" type="checkbox"/> Federal Employers Identification Number (FEIN) <input type="checkbox"/> Individual or Sole Proprietor				
Name of person who will sign the Incentive Agreement: Bob Hasset (please print) Title: President					

Vehicle / Equipment / Engine Vendor Information (or attach business card)

Contact		Address			
Company		City		State	
Phone		ZIP			
FAX		E-mail			

Please initial each section (See General Policy and Procedure Statement for additional details and requirements):

_____	The purchase of this low-emission technology is NOT required by any local, state, and/or federal rule or regulation.
_____	The definitions of qualifying projects are listed in the General Policy and Procedure Statement. These definitions have been reviewed and this application is consistent with those definitions.
_____	The vehicle/engine will be used in the Sacramento Federal Ozone Non-Attainment Area (with the emission reduction system operating, if applicable) for at least the projected usage shown in this application.
_____	The Incentive Agreement language can not be modified. I have reviewed and accepted the Incentive Agreement language.
_____	I understand that an IRS Form 1099 will be issued to me for incentive funds received under the SMAQMD Vehicle/Equipment Incentive Program. I understand that it is my responsibility to determine the tax liability associated with participating in the SMAQMD Vehicle/Equipment Incentive Program.
_____	I understand that a SMAQMD approved digital hour meter/odometer will be installed on all vehicles/equipment and that the digital hour meter/odometer will record the hours/miles accumulated within and outside the Sacramento Federal Ozone Non-Attainment Area.
_____	I understand that the Sacramento Metropolitan Air Quality Management District (SMAQMD) staff will evaluate this application and determine if it meets the eligibility requirements and criteria of any incentive programs. The SMAQMD will at its sole discretion determine which program funds, if any, will be used for this application.

For more information please call the SMAQMD Incentive Program Hotline at 1-866-CLNPOWR (1-866-256-7697) or visit our web-site at www.airquality.org

Payment Request Options (Initial only one option)

OPTION 1 -- I request that payment be sent to the applicant above.

OPTION 2 -- I request that a two-party check be made for this application co-naming with the vendor listed above with the payment sent to applicant.

OPTION 3 -- I request that a two-party check is made for this application and I authorize that the two-party payment be sent to the vendor listed above.

Application Statement – Please Read

All information provided in this application will be used by the Sacramento Metropolitan Air Quality Management District (SMAQMD) to evaluate the eligibility of this application to receive incentive funds. SMAQMD staff reserves the right to request additional information of the applicant and can deny the application if such requested information is not provided. Incomplete and illegible applications will be returned to applicant or vendor. An incomplete application is an application that is missing information critical to the evaluation of the project. If the applicant does not respond within 30 days, the application will be automatically terminated and the application process will have to be reinitiated in order for the project to be considered.

- ◆ I certify to the best of my knowledge that the information contained in this application is true and accurate.
- ◆ I agree to accept the evaluation performed on my application by the SMAQMD staff and that I can request that SMAQMD staff review that evaluation upon a reasonable request.
- ◆ I understand that all technologies must either be verified or certified by the California Air Resources Board (CARB) to reduce Oxides of Nitrogen (NOx) and/or other criteria pollutants.
- ◆ I understand that there may be conditions placed upon receiving an incentive and agree to refund the incentive if it is found that at any time I do not meet those conditions and if directed by the SMAQMD.
- ◆ I understand as a participant that programs have limited funds and shall terminate upon depletion of program funding. The SMAQMD shall be under no obligation to honor requests received following depletion of program funding. I acknowledge that in accepting any incentive funding, I will be prohibited from applying for any other form of emission reduction credits, including: Emission Reduction Credit (ERC); Mobile Emission Reduction Credit (MERC) and/or Certificate of Advanced Placement (CAP), for all time, from the Sacramento Metropolitan Air Quality Management District or any other Air Quality Management or Air Pollution Control District.
- ◆ In the event that the vehicle(s)/equipment do not complete the minimum term of any agreement eventually reached from this application I agree to return to the SMAQMD a pro-rated portion of incentive received based on usage up to and including the full amount of the original incentive provided as directed by the District. I understand that the SMAQMD or the APCO for the Sacramento Metropolitan Air Quality Management District may relieve this obligation to return the funds depending on the circumstances.
- ◆ I have the legal authority to apply for incentive funding for the entity described in this application.

Authorized Signature

Date

Participant Name (please print)

Title

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT
Vehicle / Equipment Information Form (Please type or print neatly)

Vocation(s) (Please list all vehicle/equipment uses): SPECIALTY VEHICLE

Equipment (check one): On-road Off-road Locomotive Marine Forklift
 Other:

Project Type (check all that apply for this vehicle):
 Fleet modernization (New or Used Vehicle) Engine repower Engine retrofit
 Incremental lower emission fuel cost Fueling infrastructure New low-emission vehicle

Main Vehicle/Equipment Location

Location of Vehicle/Equipment (No PO Boxes)	P.O. Box 9653 South Lake Tahoe Tahoe Keys Marina South Lake Tahoe
Main County of Operation	El Dorado

Annual Vehicle/Equipment Usage Information (be able to prove mileage/hours -- map available for reference)

	Within the Sacramento Ozone Non-Attainment Area		Outside of Sacramento Ozone Non-Attainment Area		Total Operation
	May-October	November-April	May-October	November-April	
Miles/Hours	1,000	100	0	0	1,100

Existing Vehicle/Equipment Information

Make: MUNSON MARINE	Model: 49 PAX WATER TAXI	Model Year: 1987	GVWR:
Vehicle Identification Number:	Fleet Identification Number:	License Plate:	Odometer:
Truck Body? (check if yes -- describe type):			

Existing Engine Information

Make: CUMMINS	Model: VT903	Model Yr: 1975	Serial Number: 10223098	HP: 425	Hour Meter:
Fuel Type: GASOLINE					
Engine currently in daily operation (check if yes)					

New or Replacement Vehicle/Equipment Information (please enter engine info below)

Make: MUNSON MARINE	Model: 49 PAX WATER TAXI	Model Year: 1987	GVWR:
Vehicle Identification Number:	Fleet Identification Number: FUN RUNNER	License Plate:	Odometer:

New Engine or Retrofit System Information

Make: CUMMINS	Model: QSC 8.3	Model Yr: 2007	Serial Number:	HP: 500	Hour Meter:
Fuel Type: GASOLINE	Retrofit Make:			Retrofit Model:	

Vehicle #
(Office Use Only)

Project Cost Information

Please attach copies of all sales invoices, vehicle valuations, and repair estimates.

Engine Repower Costs	
1. New Lower-Emission Engine	\$38,375
2. Total Unique Parts	\$3,500
3. Other Parts	\$0
4. Labor Cost	\$16,500
5. Existing Engine Rebuild Parts Cost	\$4,000
6. Existing Engine Rebuild Labor Cost	\$1,000
7. Digital Odometer Allowance	\$0
Maximum Incentive (=1+2-[5+6]+7)	\$53,375

Fleet Modernization Costs	
1. Replacement Vehicle Cost (either)	
<input type="checkbox"/> New (80% of factory invoice)	
<input type="checkbox"/> Used (NADA Adj. Loan Value)	
2. Body Value (see guidelines for details)	
3. Engine Reconditioning Cost (if any)	
4. Engine Repower Cost (if any)	
5. Digital Odometer Allowance	\$600.00
6. Old Vehicle Repair Costs (if any)	
Maximum Incentive (=1+2+3+4+5-6)	

Engine Retrofit Costs	
1. Engine Retrofit Parts Cost	
2. Engine Retrofit Labor Cost	
3. Digital Odometer Allowance	\$600.00
Maximum Incentive (=1+2+3)	

New Low-Emission Vehicle/Equipment Purchase	
1. New LEV Purchase Cost	
2. New non-LEV Purchase Cost	
3. Digital Odometer Allowance	\$600.00
Maximum Incentive (=1-2+3)	

Incremental Lower Emission Fuel Cost	
1. Lower Emission Fuel Price (\$/gal)	
2. Average Diesel Price (\$/gal)	
3. Total Lower Emission Fuel Use (gal)	
Maximum Incentive (=1-2]*3)	

Fueling Infrastructure	
1. Total Infrastructure Cost	
Maximum Incentive	

Maximum incentive amounts are subject to review by District staff.

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT
Vehicle / Equipment Information Form (Please type or print neatly)

Vocation(s) (Please list all vehicle/equipment uses): SPECIALTY VEHICLE

Equipment (check one): On-road Off-road Locomotive Marine Forklift
 Other:

Project Type (check all that apply for this vehicle):

Fleet modernization (New or Used Vehicle) Engine repower Engine retrofit
 Incremental lower emission fuel cost Fueling infrastructure New low-emission vehicle

Main Vehicle/Equipment Location

Location of Vehicle/Equipment (No PO Boxes)	P.O. Box 9653 South Lake Tahoe Tahoe Keys Marina South Lake Tahoe
Main County of Operation	El Dorado

Annual Vehicle/Equipment Usage Information (be able to prove mileage/hours -- map available for reference)

	Within the Sacramento Ozone Non-Attainment Area		Outside of Sacramento Ozone Non-Attainment Area		Total Operation
	May-October	November-April	May-October	November-April	
Miles/Hours	1,000	100	0	0	1,100

Existing Vehicle/Equipment Information

Make: MUNSON MARINE	Model: 49 PAX WATER TAXI	Model Year: 1987	GVWR:
Vehicle Identification Number:	Fleet Identification Number:	License Plate:	Odometer:
Truck Body? (check if yes – describe type):			

Existing Engine Information

Make: CUMMINS	Model: VT903	Model Yr: 1975	Serial Number: 10391048	HP: 425	Hour Meter:
Fuel Type: GASOLINE					
Engine currently in daily operation (check if yes)					

New or Replacement Vehicle/Equipment Information (please enter engine info below)

Make: MUNSON MARINE	Model: 49 PAX WATER TAXI	Model Year: 1987	GVWR:
Vehicle Identification Number:	Fleet Identification Number: FUN RUNNER	License Plate:	Odometer:

New Engine or Retrofit System Information

Make: CUMMINS	Model: QSC 8.3	Model Yr: 2007	Serial Number:	HP: 500	Hour Meter:
Fuel Type: GASOLINE	Retrofit Make:			Retrofit Model:	

Vehicle #
(Office Use Only)

Project Cost Information

Please attach copies of all sales invoices, vehicle valuations, and repair estimates.

Engine Repower Costs	
1. New Lower-Emission Engine	\$38,375
2. Total Unique Parts	\$3,500
3. Other Parts	\$0
4. Labor Cost	\$16,500
5. Existing Engine Rebuild Parts Cost	\$4,000
6. Existing Engine Rebuild Labor Cost	\$1,000
7. Digital Odometer Allowance	\$0
Maximum Incentive (=1+2-[5+6]+7)	\$53,375

Fleet Modernization Costs	
1. Replacement Vehicle Cost (either) <input type="checkbox"/> New (80% of factory invoice) <input type="checkbox"/> Used (NADA Adj. Loan Value)	
2. Body Value (see guidelines for details)	
3. Engine Reconditioning Cost (if any)	
4. Engine Repower Cost (if any)	
5. Digital Odometer Allowance	\$600.00
6. Old Vehicle Repair Costs (if any)	
Maximum Incentive (=1+2+3+4+5-6)	

Engine Retrofit Costs	
1. Engine Retrofit Parts Cost	
2. Engine Retrofit Labor Cost	
3. Digital Odometer Allowance	\$600.00
Maximum Incentive (=1+2+3)	

New Low-Emission Vehicle/Equipment Purchase	
1. New LEV Purchase Cost	
2. New non-LEV Purchase Cost	
3. Digital Odometer Allowance	\$600.00
Maximum Incentive (=1-2+3)	

Incremental Lower Emission Fuel Cost	
1. Lower Emission Fuel Price (\$/gal)	
2. Average Diesel Price (\$/gal)	
3. Total Lower Emission Fuel Use (gal)	
Maximum Incentive (=[1-2]*3)	

Fueling Infrastructure	
1. Total Infrastructure Cost	
Maximum Incentive	

Maximum incentive amounts are subject to review by District staff.