

**SACRAMENTO AREA COUNCIL OF GOVERNMENTS
and
SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT
SACRAMENTO EMERGENCY CLEAN AIR TRANSPORTATION PROGRAM (SECAT)**

This Agreement (Agreement) is between the Sacramento Area Council of Governments (SACOG), the Sacramento Metropolitan Air Quality Management District (SMAQMD), and El Dorado County Dept. of Transportation (Participant).

1.0 Recitals

- 1.1 SMAQMD is part of the Federal Sacramento Ozone Nonattainment Area (Nonattainment Area). (A map of the Nonattainment Area is included in Exhibit A) Ozone is formed by the interaction of Nitrogen Oxides (NOx) and other precursor pollutants. The majority of NOx in the Sacramento Nonattainment Area is generated by vehicles, including heavy-duty vehicles and engines.
- 1.2 The state legislature established the Sacramento Emergency Air Quality and Transportation Program (SECAT Program) to help the air districts within the Nonattainment Area comply with the federal standards. The SECAT Program is administered by SACOG, but recognizes the importance of coordinating among the air districts to implement the Program. (Health & Safety Code §44299.50 et seq..)
- 1.3 One of the air-quality-improvement methods identified in the SECAT Program is the development of a Fleet Modernization Program to promote the advance purchase and use of low-NOx on-road-heavy-duty vehicle and engine technology.
- 1.4 SACOG and SMAQMD cooperated in the development of the Fleet Modernization Program Guidelines, which were initially approved by SACOG on January 17, 2002 and by SMAQMD on January 24, 2002, and are periodically revised. SACOG and SMAQMD also simultaneously approved the use of this Agreement form, as amended from time to time and authorized their Executive Director and Air Pollution Control Officer, respectively, to execute this Agreement.
- 1.5 The objective of the Program is to accelerate the modernization of the existing heavy-duty vehicle fleet in the Sacramento Ozone Nonattainment Region through financial incentives that will encourage the voluntary replacement of pre-1994 heavy-duty vehicles with vehicles using newer, lower emitting technology.
- 1.6 Under the Program, SMAQMD and SACOG will provide financial incentives to vehicle owners that agree to destroy their pre-1994 heavy-duty trucks and then replace them with newer, lower-emission vehicles.
- 1.7 To ensure actual reductions result from the SECAT Program, it is essential: (i) that the replaced vehicles be inspected to verify that they qualify for the Program, (ii) that the replaced vehicles be destroyed by a qualified salvage operator, (iii) that a digital odometer, if available, be installed in the new vehicle to verify actual operation within the Nonattainment Area, and (iv) that particulate emission control devices, if available, be installed to reduce particulate emissions.
- 1.8 Participant understands that the purpose of the Program, and this Agreement, is to help SMAQMD and SACOG achieve clean air standards as required by state and federal law.
- 1.9 The Participant wishes to participate in this process by using SECAT Program funds in the purchase of a low-NOx vehicle and related equipment.

2.0 Special Terms and Conditions

The parties agree to the terms and conditions listed below.

2.1. **Definitions:** As used in this Agreement, the following terms have the following meanings:

- (i) **“Program”** means the SECAT Program and the Fleet Modernization Program Guidelines (as amended from time to time), which are incorporated into this Agreement as if fully set forth.
- (ii) **“Program Participant”** means the individual, agency, or business entity that is surrendering its pre-1994 vehicle and receiving funds under to aid in the purchase of a new vehicle.
- (iii) **“Old or Existing Vehicle”** means the pre-1994 vehicle that the Program Participant surrenders for destruction.
- (iv) **“Replacement Vehicle”** means the newer, lower-emission vehicle purchased by the Program Participant. The vehicle must meet or exceed California Air Resources Board 2007- emission standards.
- (v) **“Participant Agreement”** means the SECAT Program Agreement between SMAQMD, SACOG and a Program Participant, under which SACOG agrees to pay the Program Participant a specific amount to help offset the cost of purchasing a post-1994 vehicle from Dealership
- (vi) **“Dealership”** means a business specializing in the sale of new and used heavy duty vehicles that has entered into an agreement with SMAQMD to assist in the implementation of the SECAT Program.

2.2 **Participant Obligations:** Participant will:

- 2.2.1 Purchase and begin operating the vehicle described in Exhibit B, Sections 4 and 5, (Replacement Vehicle) within 180 (one hundred eighty) days 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 Ensure that the Replacement Vehicle engine is only operated when it is calibrated to the lowest emission standard certified by the California Air Resources Control Board (CARB).
- 2.2.3 Ensure that a SMAQMD approved and CARB certified or verified particulate matter control device is installed in the vehicle, or obtain a certification form from a SMAQMD-approved Engine Dealership stating that no such device has been approved or certified for use with the Replacement Vehicle.
- 2.2.4 Ensure that a SMAQMD-approved hourly meter has been installed on the vehicle, if the Participant has opted to meet the hourly operational requirements.
- 2.2.5 Surrender the old vehicle described in Exhibit B, Sections 2 and 3, (Old Vehicle) to a SMAQMD-approved auto salvage dealer.
- 2.2.6 Comply with all other requirements detailed in this Agreement or the SECAT Program and Guidelines.

2.3 **Payment:**

2.3.1 SACOG will pay up to **\$50,358** to Participant to offset the costs incurred by Participant in meeting the obligations in paragraph 2.2. No payment is required until Participant satisfies the requirements in section 2.7 below.

2.3.2 _____ By initialing this paragraph, the Participant authorizes SACOG to issue a two-party check in the name of the Participant and the following Vehicle Dealership: Riverview International.

2.4 **Participant's Warranties:** The Participant warrants that:

2.4.1 It has completed a Fleet Modernization Application Form and all of the information presented in the Form is complete and accurate.

2.4.2 Both the Old Vehicle and the Replacement Vehicle meet all of the criteria established in the SECAT Guidelines, in effect at the time this Agreement is signed, as well as the goals and objectives of the SECAT Program.

2.4.3 The purchase of the vehicle described in Exhibit B is not required by any law or regulation. (If the Participant is a public agency, Participant further warrants that its board policies do not require the purchase).

2.5 **Condition of Old Vehicle:** Old Vehicle must be in good operating condition when the Participant delivers it to a SMAQMD-approved vehicle dealership. Participant must ensure that the dealership delivers the Old Vehicle to a SMAQMD-approved salvage yard for destruction.

2.6 **Inspections:** Each vehicle funded under this Agreement is subject to inspection by SMAQMD, CARB or their designee before, during, and after funding. SMAQMD will conduct a pre-inspection of the Old Vehicle to verify project information prior to the execution of this Agreement, a post-inspection to verify the purchase of the new low emission technology identified in Exhibit B, and a salvage inspection to verify destruction or disposal of the old vehicle, if applicable. Fleet Modernization projects are required to have a pre-salvage inspection to verify at the time of salvage that the old vehicle is in the same condition it was at the pre-inspection.

2.7 **Provider Pre-invoice Requirements:** The Participant must submit a final invoice packet to SMAQMD. This requirement may be met by submission of the documents by a Dealership on Participant's behalf. The packet must include copies of:

2.7.1 **UCC-1 Form:** A copy of an UCC-1 Form, filed with the California Secretary of State, giving SMAQMD and SACOG a security interest in the Replacement Vehicle for the full amount of the funds to be paid to the Participant under a Participant Agreement.

2.7.2 **Purchase Documentation:** A copy of the final purchase order and Program Participant purchase invoice, invoices for work performed to meet SECAT eligibility requirements, and the finance agreement for any portion of the vehicle purchase price to be privately financed. The documentation must include the odometer reading on the date the replacement vehicle is financed.

2.7.3 **DMV Registration:** A copy of the DMV registration for the Replacement Vehicle, listing Participant as the registered owner and SMAQMD and SACOG as lienholders on the vehicle.

2.7.4 **Engine Warranty:** A copy of an engine warranty that verifies the replacement vehicle meets the Program requirements.

- 2.7.5 **Meter Installation:** If the Program Participant has opted to meet its performance obligations by complying with hourly requirements, a copy of an invoice documenting that an hour meter has been installed on the replacement vehicle, and a written confirmation by Dealership that the meter is operational.
- 2.7.6 **Particulate Control Device:** A copy of an invoice verifying that a SMAQMD approved, California Air Resources Board (CARB) certified particulate matter control device has been installed on the replacement vehicle, or a certification by the Dealership that no such device has been approved or certified for use with the replacement vehicle. If a device is installed, include a written confirmation by the Dealership that the device is operational.
- 2.7.7 **Proof of Insurance:** A copy of proof of insurance demonstrating compliance with section 3.6, and Exhibit D.
- 2.8 **Title and Finance Requirements:** The Participant agrees to the following motor vehicle title and finance requirements:
- 2.8.1 The Participant must provide a copy of the replacement vehicle's title to SMAQMD, demonstrating that SMAQMD and SACOG are named as a lienholders of the vehicle. If SMAQMD and SACOG are the sole Lienholders, Participant will provide the original title to SMAQMD.
- 2.8.2 The Participant must be the registered owner of the replacement vehicle throughout the term of this Agreement.
- 2.8.3 If the replacement vehicle is financed, the Participant must list SMAQMD, SACOG and the Finance Company as lienholders for the vehicle.
- 2.8.4 If the replacement vehicle is financed, and the vehicle loan is repaid before the termination of this Agreement, the Participant must ensure that SMAQMD and SACOG are listed as the sole lienholders on the replacement vehicle for the entire remaining term of this Agreement.
- 2.8.5 If the replacement vehicle is repossessed by the finance company, the Participant must immediately notify SMAQMD and must reimburse SMAQMD in accordance with Section 2.9.
- 2.8.6 Any changes to the replacement vehicle's title must be preapproved in writing by SMAQMD.
- 2.9 **Termination Repayment:** Upon termination of this Agreement, if the Participant has failed to fulfill the minimum required operation by the termination date specified under section 3.1, then the Participant must refund to SACOG an amount based on the difference between the required level of operation and the actual level of operation, according to the following formula below. The termination date of the contract will be automatically extended until payment is complete.
- 2.9.1 **Payment Formula:** The repayment formula is
- $$A = I * [(O * L) - C] / (O * L)$$
- A = Amount Owed to SMAQMD
 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 consistent with the form of measure used in "O")
- 2.9.2 **Full or Partial Waiver:** The Air Pollution Control Officer (APCO) of SMAQMD 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.

- 2.9.3 **Pre-Termination Repayments:** At anytime during this Agreement, SACOG and SMAQMD may demand repayment of the entire **\$50,358** if the Participant fails to fulfill the minimum performance requirements established in Exhibit C. SACOG and SMAQMD may jointly consent to waive all or a portion of this repayment obligation after considering the circumstances leading to the failure. SACOG and SMAQMD will not unreasonably withhold their consent to a waiver.
- 2.10 **Prohibition on Vehicle Alterations:** Participant agrees not to modify engine performance (including changes in horsepower), emission characteristics, engine emission components (not including repairs with substantially similar original equipment manufacturer replacement parts), or the engine's emission control function in any manner.
- 2.11 **Operational Requirements:** Each vehicle or engine described in Exhibit B must operate within the Sacramento Nonattainment Area and at or above the minimum mileage limits specified in Exhibit C.
- 2.12 **Decals:** Participant must display two decals approved by SACOG and SMAQMD on each vehicle described in Exhibit B. SACOG and SMAQMD must approve the location of the decals.
- 2.13 This section 2.13 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. SMAQMD may request these records at any time during the term of this Agreement.

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

The Participant will submit written documentation that is has met the performance requirements outlined in Exhibit C to SMAQMD by December 31 of each year until termination of this Agreement. SMAQMD may request additional performance documentation at its discretion.

- 2.14 _____ **Sale of Equipment:** By initialing this paragraph, the Participant acknowledges and agrees that it may not sell or encumber the Replacement Vehicle without the prior written consent of both SACOG and SMAQMD.
- 2.15 **Grant of Security Interest:** Participant grants to SMAQMD and SACOG a security interest in the Replacement Vehicle to secure its performance under this Agreement. Participant authorizes SMAQMD and SACOG to prepare and file applications, financing statements, continuation statements, statements of assignment, termination statements, lawsuits, and the like, as necessary to perfect, protect, preserve, foreclose, or release SMAQMD's and SACOG's interest in the Replacement Vehicle.
- 2.16. **Notice of Significant Events:** Participant will provide to SMAQMD prompt written notice of any of the following events:
- 2.16.1 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.

- 2.16.2 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, or any proposed sale or transfer of 20.0% of its equity ownership or control.
- 2.16.3 The filing of any petition in bankruptcy by or against Participant.
- 2.16.4 The occurrence of any catastrophic loss to Participant, Participant's principal place of business, or Participant's operating assets.
- 2.16.5 Damage to the Replacement Vehicle greater than 10% of its value at the time of damage.
- 2.16.6 The death or incapacity of Participant's owner or employee acting in the capacity of a chief executive officer or a chief operating officer or sole driver of the Replacement Vehicle.
- 2.16.7 Any suspension or revocation of the Participant's (or the sole driver's) California Department of Motor Vehicles Driver's License or the Class required for operating the Replacement Vehicle.

3.0 General Terms and Conditions

- 3.1 **Term:** This Agreement will begin upon execution by all parties and terminate on 12/31/2014. Notwithstanding the expiration or earlier termination of this Agreement, SMAQMD's and SACOG's security interest in the Replacement Vehicle will continue in full force and effect until Participant fully satisfies it's obligations under this Agreement.
- 3.2 **Inspections:** Either SACOG or SMAQMD (or both) may conduct an audit of Participant's operations to verify that Participant is complying with the Agreement terms. Any inspection will be conducted at a reasonable time and with reasonable notice to Participant.
- 3.3 **Prohibition on Emission Reduction Credits:** The receipt of funds under this Agreement prohibits application for any form of emission reduction credit – for any pollutant – for the purchase of the vehicle described in Exhibit B. This prohibition includes, but is not limited to: (i) all attainment, nonattainment, criteria and noncriteria pollutants, and (ii) application for Emission Reduction Credits (ERC), Mobile Emission Reduction Credits (MERC) or Certificates of Advanced Placement (CAP). This prohibition extends to credits from all Air Quality Management or Air Pollution Control Districts.
- 3.4 **Prohibition of Vocation Change:** Participant agrees to operate the vehicle(s) covered under this agreement in the same vocation(s) as approved in the application to the SECAT Program. Participant may petition the SECAT Executive Committee for approval to change vocations. Participant agrees that the Executive Committee's determination will be final.
- 3.5 **Voluntary Act:** The Participant's purchase of the Replacement Vehicle is a completely voluntary act and neither SACOG nor SMAQMD has made representations or guarantees to the Participant regarding the Equipment.
- 3.6 **Insurance:** The Participant must maintain the insurance coverage described in Exhibit D. The Participant must name SACOG and SMAQMD as additional insureds and name SACOG as the loss payee. Additionally, the Insurance Company or Companies will issue a Certificate of Insurance to SACOG and SMAQMD showing these designations and providing for at least 30 days notice in the event of change in, cancellation of, non-renewal of, reduction in coverage, or termination of any policy listed on the certificate for any reason whatsoever. In the event the Participant does not maintain the required insurance, SACOG or SMAQMD may terminate this Agreement.
- 3.7 **Amendment:** No amendment, alteration or variation of the terms of this Agreement is valid unless made in writing and signed by all parties.

- 3.8 **Assignments:** No performance rendered or payment due under this Agreement may be delegated or assigned without the written consent of all the parties hereto. If 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.
- 3.9 **Subcontracts:** If the Participant submitted the name of a subcontractor in the proposal or application for this Agreement, SMAQMD's approval of the Agreement is also an approval of the use of the named subcontractor.

In the event that any part of this Agreement is subcontracted, Participant agrees to document the following affirmative steps for utilizing Minority Business Enterprises (MBE) or Women Owned Business Enterprises (WBE) as required by the Environmental Protection Agency:

- (i) Include MBEs and WBEs on solicitation lists.
- (ii) Assure MBEs and WBEs are solicited once they are identified.
- (iii) Divide total requirements into smaller tasks to permit maximum MBE/WBE participation, where feasible.
- (iv) Establish delivery schedules which will encourage MBE and WBE participation, where feasible.
- (v) Encourage use of the services of the U.S. Department of Commerce's Minority Business Development Agency (MBDA) and the U.S. Small Business Administration to identify MBEs and WBEs.

- 3.10 **Successors:** This Agreement will bind the successors of SMAQMD, SACOG and Participant in the same manner as if they were expressly named.

3.11 **Termination:**

3.11.1 30-day Notice Termination: Either SMAQMD or Participant may terminate this Agreement for any reason by giving the other party 30-days written notice. If this agreement is terminated under this paragraph, SMAQMD may proceed with the work in any manner deemed proper by SMAQMD without recourse by Participant, its officers, agents, employees or volunteers.

3.11.2 5-day Notice Termination: SMAQMD, through its APCO, may terminate this Agreement with 5 days written notice if Participant fails to perform any of the terms and conditions of this Agreement in the time and manner specified. If the Agreement is terminated under this paragraph, SMAQMD may proceed with the work in any manner deemed proper by SMAQMD without recourse by Participant, its officers, agents, employees or volunteers.

3.11.3 Immediate Termination: The parties acknowledge that this Agreement will be funded by incentive fund revenues being transferred to SACOG or SMAQMD; however, either SACOG or SMAQMD 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 SACOG or SMAQMD's final budget prior to the expiration of the Agreement and any Agreement extensions. If SACOG or SMAQMD terminate this Agreement under this paragraph, it will serve notice of the action on the Participant within 10 working days.

- 3.12 **Disputes:** With respect to any breach or dispute arising under this Agreement, the parties will meet and attempt, in good faith and using their best efforts, to resolve the same. If the breach or dispute is not resolved by the parties, then the parties will submit the dispute to an independent mutually-agreed upon arbitrator. The arbitrator will be directed to resolve the dispute based upon a reasonable interpretation of this Agreement, the documentation provided by the parties, and any other information deemed by the arbitrator to be relevant to the dispute. The decision of the arbitrator will be advisory, and not binding, on the parties. Nothing in this Agreement prohibits the parties from agreeing to allow the arbitrator to attempt to mediate the dispute prior to hearing the matter and issuing a decision.

- 3.13 **Waiver of Claims:** Participant waives any claims against SMAQMD, SACOG, its officers, agents, employees or volunteers from damage or loss caused by:
- (i) Any suit or proceeding directly or indirectly attacking the validity of this Agreement, or any part of this Agreement.
 - (ii) Any judgment or award declaring this Agreement either void or voidable, or delaying the performance of any part of this Agreement.
- 3.14. **Waiver of Agreement Provisions:** Waiver by either party of any default, breach or condition precedent will not be construed as waiver of any other default, breach or condition precedent or any other right under this Agreement.
- 3.15. **Time:** Time is of the essence with respect to the timely performance of each provision of this Agreement.
- 3.16. **Severability:** If any provision of this Agreement is held invalid or unenforceable, its invalidity or unenforceability will not affect any other provisions of this Agreement, and this Agreement will be construed and enforced as if such provision had not been included.
- 3.17 **Venue and Choice of Law:** This Agreement is executed in Sacramento County, California and will be governed by the laws of the State of California. Any action arising out of this Agreement must be filed in a state court or federal court located in Sacramento, California.
- 3.18 **Compliance with Laws and Regulations:** Participant must observe and comply with all applicable laws and regulations. In addition to all other applicable laws, this Agreement is subject to the provisions and limitations of Health & Safety Code. Neither the Participant, SMAQMD nor SACOG is permitted to undertake any actions that contravene the Health & Safety Code or any other law or regulation.
- 3.19 **Payments that Contravene the Law:** SMAQMD has no liability for payments that are found to contravene the law. Participant will reimburse SMAQMD and SACOG for any payments made by SMAQMD and SACOG to Participant and later determined to contravene federal, state or local laws and regulations.
- 3.20 **Status of Participant:** This Agreement is only for the payment of incentive funds to offset the cost of the items identified in Exhibit B. Accordingly, Participant, its employees, consultants and subcontractors do not have any of the entitlements of a SACOG or SMAQMD employee.
- 3.20.1 **Direction of Third Parties:** If the Participant employs any third persons, these persons will be under the exclusive control of Participant. All terms of employment, including but not limited to hours, wages, working conditions, discipline, hiring, and discharging will be determined by Participant.
 - 3.20.2 **Right to Bind:** Neither the Participant nor its employees, subcontractors or consultants have the right to act on behalf of SACOG or SMAQMD in any capacity, or to bind SACOG or SMAQMD to any obligation.
 - 3.20.3 **Taxes:** SACOG or SMAQMD will not make any deductions or withholdings from the compensation paid to Participant. Participant must issue all forms required by federal and state laws for income and employment tax purposes for all of Participant's assigned personnel.
- 3.21 **Conflict of Interest:** No officer or employee of SACOG or SMAQMD has any pecuniary interest, direct or indirect, in this Agreement or the proceeds of the Agreement. No officer or employee of Participant may serve on SACOG or SMAQMD's governing body or hold any SACOG or SMAQMD position which by rule, practice, or action nominates, recommends, supervises or authorizes the development or execution of this Agreement, or any payment to Participant.

3.22 **Indemnity:** The Participant must indemnify and defend SACOG and SMAQMD, their officers, agents, employees and volunteers, from any and all liabilities of any kind that:

3.22.1 Arise from, or are alleged to arise from, any breach of the responsibilities required of the Participant by this Agreement, or

3.22.2 Are related in any way to the vehicles or engines described in Exhibit B.

3.23 **Entire Agreement:** This Agreement constitutes the entire Agreement between SACOG, SMAQMD, and Participant. All parties revoke all prior or contemporaneous oral or written Agreements between them that are inconsistent with this Agreement. In the event of a dispute between the parties regarding the Agreement, this Agreement will be deemed to have been drafted by the parties in equal parts so that no presumptions or inferences concerning its terms or interpretation may be construed against any party to this Agreement. This Agreement consists of:

Exhibit A, Sacramento Federal Ozone Nonattainment Area Map

Exhibit B, Vehicle Information Form

Exhibit C, Performance Requirements

Exhibit D, Insurance Requirements

3.24 **Communications:** Correspondence between SMAQMD, SACOG and Participant should be addressed to the following:

To SMAQMD	To SACOG	To Participant
Joanne Chan Sacramento Metropolitan AQMD 777 12 th Street, Third Floor Sacramento, CA 95814-1908 Phone: (916) 874-6267 Fax (916) 874-4899	Karen Wilcox Sacramento Area Council of Governments 1415 L Street, Suite 300 Sacramento, CA 95814 Phone: (916) 321-9000 Fax: (916) 321-9551	Dennis Milligin El Dorado County Dept. of Transportation 2441 Headington Road Placerville, CA 95667- Phone: (530) 642-4900 Fax: (530) 642-9238

The address and/or contacts may be changed by written notice to the other party. Such written notice may be given by mail, using the U.S. Postal Service, or personal service.

3.25 **Authority to Bind:** The undersigned representative of Participant affirmatively states that he or she has legal authority to bind Participant to the terms of this Agreement.

Approved by El Dorado County Dept. of Transportation

_____ Date: _____
James W. Ware, P.E.
Interim Director of Transportation

Approved by the Sacramento Area Council of Governments

_____ Date: _____
Mike McKeever
Executive Director

Reviewed By:

_____ Date: _____
Karen Wilcox
Director of Finance

Approved by the Sacramento Metropolitan Air Quality Management District

_____ Date: _____
Larry Greene
Air Pollution Control Officer

Reviewed By:

Kathrine Pittard
District Counsel

EXHIBIT A

SACRAMENTO OZONE NON-ATTAINMENT MAP

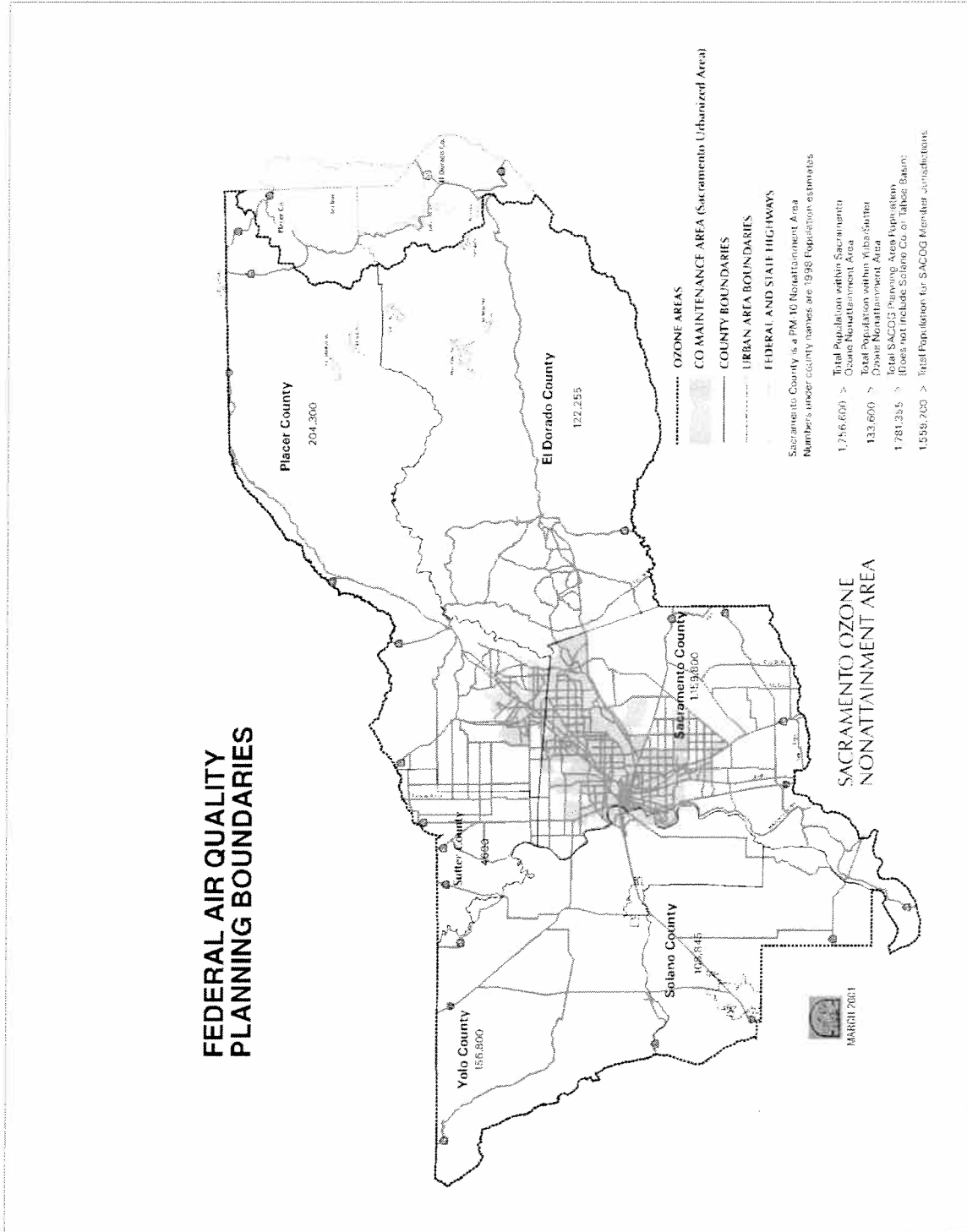


EXHIBIT B

**SACRAMENTO EMERGENCY CLEAN AIR AND TRANSPORTATION PROGRAM
VEHICLE INFORMATION FORM**

Section 1: Existing Vehicle Information

Make: PETERBILT	Model: 379	Model Year: 1990	GVWR: 52000.000 000	Wt. Class: Class 8
Vehicle Identification Number: 1XP5DB9X1LD291951	Fleet Identification Number: 33-02	License Plate Number: E299524	Vocation(s) (required): HHDT	

Section 2: Existing Engine Information

Make: CATERPILLAR	Model: 3406B	Year: 1989	Serial Number: 4MG77411	HP: 425	
Fuel Type: DIESEL					

Section 3: New or Replacement Vehicle Information

Make: INTERNATIONAL	Model: 99001	Model Year: 2008	GVWR: 54000.000 000	Wt. Class: Class 8
Vehicle Identification Number:	License Plate Number:	Odometer Reading: 0	Exhaust:	

Section 4: New Engine, Reconditioned Engine, or Retrofit System Information

Make: CUMMINS	Model: ISX	Year: 2008	Serial Number:	HP: 500	
Fuel Type: DIESEL					

Section 5: Annual Vehicle Usage Information (see map on page A1 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	15,000	16,000	0	0	31,000

Section 6: Cost Information

(A) New Vehicle Application	
① LEV* cost	\$0
② Non-LEV* cost	- \$0
③ Difference (① - ②)	= \$0

* Low-emission vehicle

(B) Incremental Fuel Application	
① LEV fuel cost/gallon	\$0.00
② Ave. diesel cost/gallon	- \$0.00
③ Difference (① - ②)	= \$0.00

(C) Truck Replacement Application	
① N.A.D.A. adjusted loan value	\$0
② Body value (if applicable)	+ \$0
③ Cost of kit	+ \$0
④ Engine repower cost (if applicable)	+ \$0
⑤ Old Vehicle Repair Costs	- \$0
⑥ Total (① + ② + ③ + ④ - ⑤)	= \$0

(D) Engine Retrofit Application	
① Retrofit system cost	\$0
② Unique parts cost*	+ \$0
③ Installation labor	+ \$0
④ Total (① + ② + ③)	= \$0

* Over \$100 on a per part basis

EXHIBIT C

PERFORMANCE REQUIREMENTS

The below listed vehicle(s)/engine(s) must meet the minimum performance requirements shown to avoid reimbursement.

Vehicle and Engine Make and Model*	Vehicle and Engine Serial Numbers*	Minimum Annual Usage (miles) °	Maximum Annual Usage (miles) °°	Anticipated ^{°°°} Annual NOx Reduction (tons)	Maximum Incentive Amount
INTERNATIONAL 99001 CUMMINS ISX		31,000	40,300	7F: 0.18 E7: 0.43	Incentive \$50,358
Total				7F: 0.18 E7: 0.43	\$50,358

*SMAQMD upon verification of project completion will fill in Information.

° Minimum annual usage in the Sacramento Federal Ozone Non-Attainment Area

°° Maximum annual usage anywhere

°°° Non-Deteriorated

EXHIBIT D

INSURANCE REQUIREMENTS

Verification of Coverage

Participant must furnish SMAQMD 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 SMAQMD before work commences.** SMAQMD 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.

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:

Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001, most recent edition).

Insurance Services Office form CA 0001 (most recent edition) covering Automobile Liability, code 1 (any auto).

Worker's Compensation insurance as required by the State of California.

Comprehensive and collision coverage sufficient to replace the vehicle(s) and emission control system(s) included in the project.

Minimum Limits of Insurance

Participant must maintain limits no less than:

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.

Automobile Liability: \$1,000,000 per accident for bodily injury and property damage.

Worker's Compensation: Statutory.

Comprehensive/Collision: 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. SMAQMD 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 SMAQMD and the general public are adequately protected.