



Sacramento Emergency Clean Air Transportation (SECAT) Program Policies and Guidelines



“The SECAT Program is a Partnership between the Sacramento Area Council of Governments and the Sacramento Metropolitan Air Quality Management District whose goal is to reduce harmful emissions from on-road heavy-duty vehicles in the Sacramento Region”

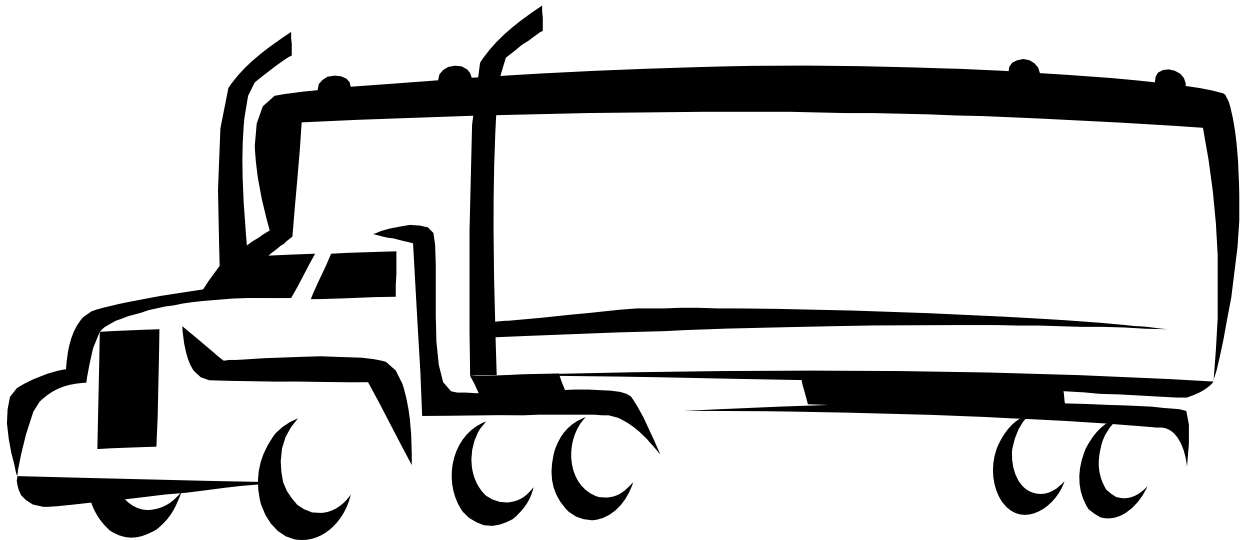
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1.0 EXECUTIVE SUMMARY

The Sacramento Emergency Clean Air Transportation (SECAT) Program is a partnership between the Sacramento Metropolitan Air Quality Management District (District) and the Sacramento Area Council of Governments (SACOG). The program's goal is to reduce harmful emissions from on-road heavy-duty vehicles operating in the Sacramento Region.

In 2000, the SECAT Program received \$66 million to reduce emissions released from heavy-duty vehicles in the Sacramento Federal Ozone Nonattainment Area by providing incentives to offset the costs of purchasing lower-emission technologies. This program was originally created by California Assembly Bill (AB) 2511 to help assure that the Sacramento Region would meet its commitments under the State Implementation Plan (SIP) for air quality attainment.

In 2007, the SECAT Program received an additional \$4 million in federal Congestion Mitigation and Air Quality (CMAQ) Funds, which will be primarily used for projects under the Fleet Modernization option; however, other emission reduction projects may also be funded under the program. Eligible types of projects include the following:

- Replacing older, higher polluting vehicles with newer, lower-emission vehicles (Fleet Modernization);
- Purchasing new, low or zero-emitting vehicles;
- Retrofitting existing heavy-duty vehicles with after-treatment systems to reduce Oxides of Nitrogen (NOx); and
- Implementing any other verifiable, enforceable, and cost-effective technology for reducing NOx emissions from heavy-duty on-road vehicles.

The SECAT program is distinct from the Carl Moyer Memorial Air Quality Standards Attainment Program (the Moyer Program). The key difference is that the SECAT Program is not limited to financing the incremental capital costs of emission control measures, but can also pay for operating costs, facility modifications, out-of-cycle replacement, and financial incentives for participation. This may make the SECAT Program more attractive than the Moyer program for some types of projects. Another difference is that the SECAT Program can only fund projects for on-road vehicles. Projects involving non-road vehicles or engines may be eligible for funding under the Moyer Program.

The changes made to the SECAT Program in these October 2007 revisions include: the elimination of engine repowers as an eligible project option, requiring that replacement trucks in the Fleet Modernization option comply with 2007 heavy-duty diesel vehicle emission standards; and incorporating changes in state and federal guidelines regarding inspections and paperwork. Additionally, the SECAT program will now pay higher incentives for U.S. Environmental Protection Agency SmartWay certified trucks under the Fleet Modernization option if the trucks are equipped with improved aerodynamics, single-wide tires, idle reduction strategies, and other efficiency improvements. These strategies can decrease NOx emissions by 10-20%.



2.0 INTRODUCTION / BACKGROUND

2.1 Purpose of the SECAT Program

Although air quality in the Sacramento Federal Ozone Non-Attainment Region (Sacramento Region) has improved significantly over the last 10 years, we continue to experience violations of the federal 8-hour and 1-hour ozone standards. Most of the pollution is created by mobile sources, including heavy-duty vehicles. Over 30% of NO_x emissions from mobile sources come from heavy-duty vehicles.

In 1994, the five air districts within the Sacramento Region adopted a federally mandated State Implementation Plan (SIP), which requires the region to decrease emissions from heavy-duty vehicles as one part of a larger strategy to attain the federal one hour ozone standards by 2005 as mandated by the federal Clean Air Act. In 1997, the U.S. Environmental Protection Agency (USEPA) adopted a new 8-hour ozone standard. The regional air districts are currently developing a new 8-hour SIP, which will include requirements to reduce heavy-duty vehicle emissions.

Sacramento Area Council of Governments (SACOG) is the designated planning organization for the region responsible for ensuring that transportation projects and plans do not impede the region's clean air goals. SACOG evaluates all projects included in the Federal Metropolitan Transportation Plan and the Metropolitan Transportation Improvement Program to ensure consistency with air quality objectives and the SIP.

As part of the region's overall effort to meet clean air standards and achieve conformity with transportation plans, SACOG also partners with the air districts to promote clean-fuel vehicles and develop mobile source control measures.

One such measure is the development and implementation of the Sacramento Emergency Clean Air Transportation (SECAT) Program. The SECAT Program was created as part of the SIP effort to provide incentives to help on-road heavy-duty truck owners purchase technologies to reduce emissions in the Sacramento Region in order to meet federal air quality standards.

This document sets out the policies and guidelines of the SECAT Program. The SECAT Program includes a variety of options to help truck owners and fleet managers reduce emissions:

- Replacing older, higher polluting vehicles with newer, lower-emission vehicles (Fleet Modernization);
- Purchasing new, low or zero-emitting vehicles;
- Retrofitting of existing heavy-duty vehicles with aftertreatment systems to reduce NO_x; and
- Implementing other verifiable, enforceable, and cost-effective technology for reducing NO_x emissions from heavy-duty on-road vehicles.

The following policies and guidelines in this document include minimum qualifications for a vehicle to enter the SECAT Program, the responsibilities of vehicle owners, vehicle dealerships, engine dealerships, and salvage yards, and information on how funding amounts are determined.

2.2 SECAT Program Funding

The \$66 million allocated under the 2000 SECAT Program has been fully allocated. In 2007, the newest phase of SECAT funding of \$4 million was awarded by SACOG's Air Quality Funding Program. Applications for new projects will be accepted once funding becomes available.

2.3 Revisions and Updates to the SECAT Program

Staff continuously evaluate the implementation procedures, participant qualifications, and overall effectiveness of the SECAT Program in order to ensure that the Sacramento Region achieves the highest

emission benefit possible. Listed below is a summary of changes that have been made since 2000 to enhance the SECAT Program's effectiveness.

Fleet Modernization: In 2002, the Fleet Modernization program was adopted as another option for truck owners to reduce emissions. This option allowed for the purchase of newer, cleaner vehicles as a replacement for older, higher polluting vehicles.

Updated emissions model: The original mobile sources emissions model (EMFAC7F) was replaced with an updated emissions model (EMFAC2002). Now, the SECAT program will use the most current emission model (EMFAC2007) to evaluate projects. The updated model offers more accurate emissions information based upon the latest research completed on car and truck surveys.

Revised Fleet Modernization participant requirements: Participants will be required to provide more information on the operational history of their original vehicles in order to be approved to participate in the program. Additional information required will include a full registration and insurance history of the original vehicle from the previous three years and stricter proof of actual historic usage including, if necessary, submitting to a trial period of three months to one year where mileage will be recorded.

Revised Fleet Modernization replacement vehicle requirements: The replacement vehicles must have engines certified to model year 2007 or retrofitted to meet 2007 emission standards. This new requirement is designed to help participants comply with future California Air Resources Board guidelines and to maximize the emission reductions per project.

Revised Vehicle Inspection Procedures: Inspections will only be performed by District personnel, unless SMAQMD waives this requirement. Most projects will require at least three separate inspections – pre-inspection of the old vehicle, post-inspection of the replacement vehicle, and pre-salvage inspection of the old vehicle to verify its condition prior to salvage.

In addition, the October 2007 revisions and updates will allow staff the ability to ensure the highest levels of emission reductions occur by utilizing the latest emission reduction technologies available. The main revisions to the SECAT Program include the following:

- Eliminating engine repowers as an option;
- Requiring that replacement trucks in the Fleet Modernization option comply with 2007 heavy-duty diesel vehicle emission standards
- Incorporate updates to the inspection, survey and audit procedures; and
- Increase funding by 10% for vehicles that meet the U.S. Environmental Protection Agency SmartWay truck certification standards.

2.4 Who We Are

The SECAT Program is a partnership between the Sacramento Area Council of Governments (SACOG) and the Sacramento Metropolitan Air Quality Management District (SMAQMD). The goal of the program is to reduce harmful emissions from on-road heavy-duty vehicles in the Sacramento Region. Two committees were created to help support both SACOG and SMAQMD in implementing the SECAT Program: the Policy Advisory Group (PAG) and the Technical Advisory Committee (TAC). These groups consist of representatives from a variety of government agencies and the private sector. They play a major role in developing and reviewing program changes.

2.4.1 The Sacramento Area Council of Governments (SACOG)

SACOG is a legislatively created association of Sacramento Valley governments formed from the six surrounding counties - El Dorado, Placer, Sacramento, Sutter, Yolo and Yuba - and its 22 member cities. The SACOG directors are chosen from the elected boards of its member governments. SACOG's primary charge is to provide regional transportation planning and allocate funding for transportation projects. It also provides a forum for the study and resolution of regional issues. In this role, SACOG prepares the

region's long-range transportation plan, approves distribution of affordable housing around the region, keeps a region wide database for its own and local agency use, helps counties and cities use federal transportation funds in a timely way, and assists in planning for transit, bicycle networks, clean air and airport land uses. SACOG is also undertaking a new program, the Sacramento Region Blue Print Transportation and Land Use study, to link transportation and land development more closely.

2.4.2 The Sacramento Metropolitan Air Quality Management District (SMAQMD)

SMAQMD is also a legislatively created agency, and is the local agency primarily responsible for implementing the federal and state Clean Air Acts. In that capacity, it works cooperatively to coordinate the efforts of local, state and federal government agencies, the business community, and private citizens to achieve and maintain healthy air quality for the Sacramento Region. SMAQMD cannot achieve healthy air for Sacramento alone; however, with its regulatory efforts and its lead role in development of innovative programs, it can encourage the cooperative inter-agency and public efforts that are required to improve air quality. SMAQMD is governed by a nine-member Board of Directors comprised of the members of the Sacramento County Board of Supervisors, selected members of the Sacramento City Council, and one member representing the cities of Folsom, Isleton, and Galt. The Board reviews and approves all AQMD rules, programs, policies and budgets.

SMAQMD represents the other air districts in the Sacramento Region in implementing the SECAT Program. These air districts include the Yolo-Solano AQMD, the Placer County Air Pollution Control District (APCD), the El Dorado County AQMD, and the Feather River AQMD. Each air district has played an important role in our ongoing efforts to improve air quality in the region.

2.4.3 The Sacramento Region – Sacramento Federal Ozone Non-Attainment Area

The Sacramento Region is commonly known as the Sacramento Federal Ozone Non-Attainment Area. This area is comprised of five Air Districts covering all or parts of six counties. This region is designated non-attainment by the federal government under the federal Clean Air Act because it does not meet the NAAQS for ozone. The Sacramento Region has been classified as "severe" for the federal 8-hour ozone standard with an attainment date of 2019. The SECAT Program is one of many programs in place to help reduce emissions in order to meet our attainment date and make the air healthier to breathe. **A map of the SFNA is on Page 21.**

2.4.4 SECAT Policy Advisory Group (PAG)

Also known as the Air Quality Policy Group, the Policy Advisory Group is charged with assisting SACOG, the air districts, the California Air Resources Board (CARB) and the Federal Highway Administration in developing strategies that focus available resources on achieving attainment of the National Ambient Air Quality Standards (NAAQS).

The PAG establishes criteria for evaluating proposals that may fall outside those guidelines, but that are within the scope of the SECAT Program. The PAG also establishes administrative procedures that ensure timely disbursement of funds, and reviews and approves SECAT marketing and outreach strategies.

Membership on the PAG consists of:

- One representative from each of the five air districts in the Sacramento Region;
- Two representatives from CARB (one technical liaison and one transportation conformity liaison);
- One representative from the United States Environmental Protection Agency (USEPA);
- One representative from the Federal Highway Administration (FHWA);
- One representative from the California Department of Transportation (Caltrans); and
- One representative from SACOG.

2.4.5 SECAT Technical Advisory Committee (TAC)

The Technical Advisory Committee has been established to develop the guidelines and criteria to be reviewed and approved by the Policy Advisory Group. The TAC is also responsible for reviewing project proposals, interacting with project proponents and developing recommendations for project funding.

Membership of the TAC consists of:

- One representative from each of the five air districts in the Sacramento Region;
- Two representatives from CARB (one technical liaison and one transportation conformity liaison);
- One representative from the United States Environmental Protection Agency (USEPA);
- One representative from the Federal Highway Administration (FHWA);
- One representative from California Department of Transportation (CalTrans); and
- One representative from SACOG

2.5 How to Contact Us / Application Mailing Address

SMAQMD staff is available to answer any questions regarding the SECAT Program. For more information on the SECAT Program or to request an application, go to the website or contact one of the following staff members listed below:

Website: WWW.4SECAT.COM

Program Staff:

Joanne Chan	(916) 874-6267	Jchan@airquality.org
Kristian Damkier	(916) 874-4892	Kdamkier@airquality.org
Pat Robinson	(916) 874-6276	Probinson@airquality.org
Steffani Charkiewicz	(916) 874-6361	Scharkiewicz@airquality.org

Program Coordinators:

Mike Neuenburg	(916) 874-1676	Mneuenburg@airquality.org	(Contract/Applications)
Sam Gregor	(916) 874-6390	Sgregor@airquality.org	(Inspections/Audits)

Mailing Address for Applications:

SECAT Program, Application for Funding - SMAQMD
777 12th St., 3rd Floor
Sacramento, CA 95814-1908

Applicants can also go directly to local participating truck and engine dealerships. Participating dealerships have been trained to help truck owners understand all of the program requirements to help them complete applications and receive for funding under the SECAT Program.

All applications must be returned signed and dated in their original format in either blue or black ink. Any application that is not signed or dated will be returned. Faxes WILL NOT be accepted.

3.0 GENERAL PROGRAM POLICIES AND GUIDELINES

3.1 General Eligibility

3.1.1 Who is eligible to participate?

Any individual, company, or public agency may apply to receive incentive funds. If the applicant does not own the vehicles in question, the application must include a satisfactory, binding contract with the person(s) or organization(s) that do own the vehicles. This contract must commit the owner of the vehicles to carry out the actions described in the proposal.

3.1.2 Who is **not** eligible to participate?

Any applicant applying for funds for purchases or retrofits that are already required by any local, state, or federal rule or regulation – including, but not limited to, the Energy Policy Act (EPACT), existing regulations, agency memoranda of agreement or understanding, state mobile source Air Toxic Control Measures, or other legally binding requirements.

3.1.3 What type of vehicle is eligible?

Projects must reduce emissions from on-road heavy-duty vehicles operating in the Sacramento Region. On-road motor vehicles are defined as “self-propelled motor vehicles that are manufactured for or designed primarily for use on public roads.” All vehicles must be over 14,000 pounds Gross Vehicle Weight Rating (GVWR).

3.1.4 What technologies are eligible to participate?

This program is designed to produce SIP emission reductions that can be used to demonstrate progress toward our SIP requirements. Consequently, all emission reductions must be real, quantifiable, surplus, enforceable, and permanent. To meet this requirement, any engine or vehicle purchased under the program must be emission certified or verified by the California Air Resources Board (CARB). Likewise, any emission control technologies must be certified or verified by CARB or otherwise approved by CARB.

Research and development (R&D) will not be funded under the SECAT Program. Subject to CARB approval, however, the SECAT program may fund in-use durability demonstration programs for technologies provisionally certified or verified by CARB pending the outcome of such demonstrations.

3.1.5 Restrictions on emissions averaging, banking and trading.

Low-emission engines, vehicles or technologies funded under the SECAT program cannot be used to generate emission credits in any emissions averaging, banking or trading program.

3.2 Application Instructions & Evaluation Procedures

3.2.1 Application Instructions

Please follow all of the application instructions. Any incomplete or incorrect applications will be returned to the applicant.

- Fill out and sign the “Sacramento Metropolitan Air Quality Management District Heavy-Duty Low-Emission Vehicle Incentive Programs – On-Road and Off-Road Application Form”. The application can be downloaded from the SECAT website or can be ordered by calling one of the program staff or sending a request via e-mail. Staff contact information is in section 2.5.
- Fill in a “Vehicle Information Form” for each vehicle that you are proposing to replace or retrofit.

- Submit additional documentation as required under the specific program Guidelines. Each specific program may require different paperwork. Contact project staff if there are any questions with regard to additional documentation.
- The application will be reviewed to determine that all the required information has been provided and that all program requirements have been met. If the application is not complete or does not meet the program requirements, it will be returned with a request for additional information or an explanation as to why the application was not approved. The SECAT Program reserves the right to request additional information and can deny the application if such requested information is not provided.
- Application Procedure Overview:
 1. Applicant submits a complete SECAT Application including all supplementary documentation to SMAQMD for evaluation
 2. Applications will be assigned to a Project Manager for review
 3. If funding is available, SMAQMD will use its best efforts to contact applicants within 3-5 business days to confirm approval or discuss problems with the application
 4. Applicants will then be contacted by an Inspector to perform a visual and operational inspection of the old vehicle to verify eligibility
 5. Following approval, funding agreements will be circulated to the applicant, SMAQMD, and SACOG for signatures (an executed copy of the executed agreement will be returned to the applicant)
 6. After the applicant receives a fully executed funding agreement, the applicant may purchase the low emission technology and subsequently invoice the SECAT Program for reimbursement
 7. Applicant will be contacted by an Inspector to perform a visual and operational inspection of either the new vehicle or low emission technology to verify eligibility
 8. **Fleet Modernization Only:** The old vehicle will also be inspected again by an Inspector prior to its delivery to an approved salvage yard to verify that it still meets program requirements
 9. Upon receipt of all signed invoices, inspections, and tax information, the Project Manager will submit payment for the amount authorized in the funding agreement
 10. Applicant will then be responsible for meeting all requirements in the funding agreement for the term of the agreement including operation, audit, and recordkeeping requirements

3.2.2 Evaluation Procedures

Applications will be evaluated on a first-come, first served-basis. Completed applications will be evaluated using the “Methodology for Calculating NOx Emission Benefits” to determine the NOx emission reductions and the cost-effectiveness on a per-vehicle and overall project cost basis. All applications will generally be reviewed and approved on a first-come, first-served basis according to the availability of funding, although SMAQMD reserves the right to accelerate approval of particular applications if it determines that early approval will benefit air quality or meets Environmental Justice goals discussed in Section 3.6. Project managers will submit eligible projects to the SECAT Executive Committee for approval. The SECAT Executive Committee consists of the Air Pollution Control Officers of SMAQMD, Yolo-Solano Air Quality Management District, and the Executive Director of SACOG.

If an application meets the program guidelines, it will be approved by the SECAT Executive Committee providing the project cost effectiveness does not exceed \$100,000 per 1-yr ton NOx reduced.

If an application does not meet the above cost-effectiveness conditions, the applicant can petition SMAQMD for further evaluation. SMAQMD will determine whether there are unusual circumstances that may justify the incentive award, and if appropriate, will submit the petition to the SACOG board for approval or denial.

3.2.3 Basis of Funding Awards

3.2.3.1 Funding Awards Based on Historic Usage Based on Miles Driven

Funding awards are based upon historic usage of an individual vehicle within the Sacramento Federal Non-attainment Area (SFNA). Documentation supporting the claimed historic usage for the previous three (3) years (seasons) must be provided prior to application approval.

3.2.3.2 Funding Awards Based on Historic Usage Based on Hours Operated – PTO Operation

The SECAT Program will allow certain vocational trucks to use hours of Power Take Off (PTO) operations instead of miles for water trucks, mixer trucks, crane trucks, and other trucks as determined by SMAQMD to have dedicated PTO operation. Trucks funded using PTO must use the drive engine to perform PTO; auxiliary or “pony” motors are not eligible for funding. Each hour of PTO will be converted into 28 driving miles for emission calculations. Trucks funded using PTO are required to have a separate hour meter recording actual PTO operation (not total engine hours) to record compliance. **SECAT does not fund projects based on engine idle time.**

3.3 Program Requirements & Reimbursement Procedures

Following application approval, each participant will be required to enter into a funding agreement with SACOG and SMAQMD. Each participant is required to read and understand the funding agreement. If the participant does not fully understand the agreement terms, conditions, and requirements, it is the participant’s responsibility to seek guidance from staff or from a contract law attorney. Although dealership representatives help provide assistance with the application process, they are not authorized to interpret or provide guidance on the agreement terms, conditions, and requirements to participants. All questions and clarifications should be directed to staff for further explanations.

The following is a brief summary of the program requirements.

3.3.1 Program Requirements

- Participation in the SECAT Program will require a minimum five (5) year commitment to operate in the Sacramento Region. Funding for the project will be issued at the beginning of this five year commitment. Throughout the contract period, the participant will be required to meet its performance requirements (miles per year). Projects that fail to meet the agreed performance requirements may be required to refund some or all of the funds issued under the SECAT Program. The participant should contact SMAQMD immediately if it knows or has reason to know that the performance requirements will not be met. The start date for performance will be the date the funds are released to the participant, unless an alternative start date is specified in the funding agreement.
- Any emission reduction credits in the Sacramento Region resulting from participating in the SECAT Program will be retired in the interest of air quality improvement. The participant will be required to waive any right to claim emission reduction credits which may accrue at anytime as a result of the project. The applicant will also agree not to apply to SMAQMD, any other Air Quality Management District, Air Pollution Control District, or any other public or private entity for any credits based on reductions generated as a result of participating in the SECAT Program.
- Participants are required to maintain liability and replacement value insurance coverage for the vehicle(s) participating in the SECAT Program. Self-insurance can satisfy these requirements, but must be approved by SMAQMD prior to execution of the agreement. Additionally, SACOG must be listed as a Loss Payee on the Participant’s insurance policy. Participant will be required to maintain the following levels of insurance:

- \$1,000,000 General Liability per occurrence for bodily injury, personal injury, and property damage
 - \$1,000,000 Automobile Liability per accident for bodily injury and property damage
 - Comprehensive and Collision coverage sufficient to replace the vehicle(s) and emission control system(s) funded by SECAT – including diesel engine retrofits
- Participants will be required to document actual usage in the Sacramento Region for each year of the agreement term. The Program will claim annual emission reductions that must be achieved based on the participant's projected usage in the Sacramento Region. Participants will be required to return annual usage reports at least once a year. Projects that fail to meet the agreed performance requirements or submit usage reports may be required to refund some or all of the funds issued under the SECAT Program.
 - All participants must keep a driver's log with actual mileage, fuel consumption records, and any other records identified in the contract pertaining to maintenance, down time, and miles traveled in the Sacramento Region. SMAQMD may waive the usage log requirements if the applicant installs a SMAQMD approved digital odometer / hour-meter. A log must be kept of the maintenance and down time throughout the contract period.
 - SMAQMD at its option may require the installation of an Electronic Monitoring Unit capable of tracking the operation of the vehicle within the Sacramento Region and transmitting the data to SMAQMD. If eligible units are identified, the SECAT Program may increase the funding available to the project to include the cost of the system as part of the total incentive amount as long as the total project cost plus the cost of the Electronic Monitoring Unit does not exceed cost effectiveness limits.
 - The vocation(s) that a vehicle is used in prior to the program must be the same vocation that the vehicle is used in throughout the agreement term, unless a change in vocation is requested and approved in writing prior to the change. A change in vocation made without staff approval will be considered a breach of the contract.
 - The applicant is required to inform SMAQMD of any changes in address, phone number, or contact person within 10 business days of the change. The applicant will also be required to inform the SMAQMD of any problems or issues resulting in the failure to meet the performance requirements as soon as possible.

3.3.2 Reimbursement Procedures

A reimbursement invoice will only be issued after an agreement has been executed, the vehicle or engine is replaced, and adequate dealership invoices for the purchase of the vehicle or equipment have been submitted to SMAQMD. The participant must submit a Sacramento County Payee Data Form along with their signed funding agreements before the project can be funded. Invoices must include a copy of the final purchase order detailing the actual purchase price of the vehicle or emission control technology and cannot be processed until after inspection of the funded technology. Reimbursement checks can be issued to either one party (the applicant) or to two parties (the applicant and the dealership). Reimbursement may take between 4-8 weeks from the time the reimbursement invoice is received by project staff. **Prompt submittal of all required documentation is the best way to speed processing of the reimbursement check.**

Any funds issued through the SECAT Program may only be used to purchase the vehicle or equipment identified in the participant's contract. If any funds are used for vehicles or equipment that is not identified in the contract, the participant will be required to refund all incentive amounts. If a program participant wishes to change the vehicle or equipment to be funded, he or she may request a contract amendment. Any contract amendment must be approved in writing and the vehicle or equipment must meet all of the SECAT eligibility requirements.

3.4 Audit Procedures

At any time during the agreement term, SACOG or SMAQMD (or both) may conduct an audit of the participant's operations to verify that the applicant is complying with the contract terms. Any audits will be conducted at a reasonable time and with reasonable notice to the participant.

Because the SECAT Program will be funded with federal funds, applications for funding of \$250,000 or more will be subject to a pre-award audit of the applicant's financial and operational records. The cost of the pre-award audit is an eligible expense under the SECAT Program, but the cost is subject to the overall cost effectiveness of the project. The cost of the pre-award audit may be subtracted from the total grant award if the funding is less than the incremental cost of the vehicle or emission control system. Please contact the SECAT Program staff for additional information.

3.5 Participating Dealerships

Local vehicle, engine and salvage yard dealerships play a vital role in the operation and success of the SECAT Program. Dealerships who wish to become a "Participating Dealership" must be trained by the staff of the SECAT Program, and must be able to assist the applicants in filling out the application, making sure all program requirements have been met, and advising applicants on the SECAT Program performance requirements as required in Section 5. Each participating dealership must sign a master agreement with the SECAT Program and must provide any information requested by the Program relating to an application or approved project.

3.6 Environmental Justice Policies

SACOG and SMAQMD are committed to accomplishing Environmental Justice goals through the SECAT program. The Fleet Modernization program has historically funded projects in the construction and agriculture industries which have a disproportionate impact on communities of color and low income populations. The mobile nature of heavy-duty diesel vehicle projects also impact populations living near regional freeways and major thoroughfares. Reductions in regional ozone formation, fine particulate matter, and toxic air contaminants attained through the Fleet Modernization program improve air quality and human health for all people in the Sacramento Region.

SACOG and SMAQMD will make every effort to achieve Environmental Justice goals through the Fleet Modernization program. Staff will provide outreach and give funding priority to applicants based or operating within Qualifying Areas as defined in Section 4.1.4 of SMAQMD adopted "Guidelines for Implementing AB 1390 (Firebaugh) Requirements for the Carl Moyer Memorial Air Quality Incentive Program". These guidelines meet the directives outlined in "Executive Order 12898: Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations". Participating dealers and other stakeholders will also be informed of these objectives.

3.7 Inter-District Projects

Inter-district projects are projects where the participant operates their vehicle in more than one air district. These projects may be funded by two different incentive programs that will claim the resulting emission reduction credits. For example, if a vehicle normally operates in the Sacramento Region and the San Joaquin Region, the applicant may apply to both regions for funding. Funding distribution will be based on the percentage of operation in each region and on the total emission reductions that are achieved. For more information, contact district staff prior to completing an application.

3.8 Program Documentation

All forms used under the SECAT Program (i.e. applications, agreements, invoices) are subject to change at any time. Potential applicants or other interested parties may contact the SECAT Program to request sample copies of any forms at any time.

4.0 FLEET MODERNIZATION DEALER AND SALVAGE YARD POLICIES AND PROCEDURES

4.1 General Information

Vehicle dealers and salvage yards are an important part of the SECAT Program. New vehicle dealers are responsible for providing low emission diesel trucks meeting the needs of program participants. The salvage yards are responsible for ensuring proper destruction of the old vehicle. Because of their importance, the SECAT Program has special guidelines for both designed to preserve the integrity of the program and provide maximum emission reductions.

4.2 Vehicle Dealership Requirements

Vehicle dealerships are a key partner in the SECAT Program because they help market, qualify, and facilitate Fleet Modernization and Engine Retrofit projects. Representatives of the dealership will often meet with potential applicants and provide information about SECAT and the process. They are also suppliers of new vehicles and engine technology and have the most knowledge about what is appropriate for each applicant. Because of this responsibility, the SECAT Program has Master Agreements with many dealerships to ensure that they are eligible to market their equipment and services to applicants.

Participants are not required to purchase technology from an Approved Vehicle Dealership, but working with an Approved Vehicle Dealership may benefit applicants. For example, Approved Vehicle Dealerships can accept old vehicles for salvage. Without this, participants are fully responsible for working with the salvage yard and will be required to schedule multiple pre-salvage inspections to ensure the condition of the old vehicle, rather than just sending the old truck to the Approved Vehicle Dealership.

Also, if a participant does not use an Approved Vehicle Dealership, the SECAT Program will not deliver the incentive funds until SMAQMD received the vehicle title (or a copy from the Finance Company) listing SMAQMD as a lien holder. Vehicles purchased from an Approved Vehicle Dealership may be paid before the title is processed since the dealership has an agreement with the SECAT Program to ensure SMAQMD is listed as a lien holder. Approved Vehicle Dealerships are also allowed to handle the paperwork and are trained to handle any potential issues with the application process.

To become an Approved Vehicle Dealership, dealers must meet the following requirements:

- Owner has had a valid California business license for a minimum of the last two years.
- A minimum of one (1) employee has been trained by the District regarding the SECAT Program.
- Owner agrees to allow the District to inspect vehicles covered under this agreement during normal business hours.
- The business must be licensed by the California Department of Motor Vehicles as a vehicle dealership.
- Owner must possess a valid State of California seller's permit issued by the Board of Equalization.

Approved Vehicle Dealerships must agree to:

- Assist the Program Participant in the preparation and submission of its SECAT Program Application. As part of this process for new vehicles, Dealership must prepare an invoice signed by the Participant and submit it to the SECAT Program.
- Provide the District with a copy of the Vehicle Purchase documents, invoices, and DMV registration for the New Vehicle.

- Promptly submit to the District and the Program Participant invoices for all work performed by Dealership or its subcontractors.

4.3 Salvage Yard Requirements

Approved Salvage Yards under the SECAT Program are responsible for destroying the old vehicle in an environmentally responsible manner to permanently remove the vehicle from operation. Because of the special requirements, Approved Salvage Yards must be under a Master Agreement with the SECAT Program. The Master Agreement allows an Approved Salvage Yard to be eligible to market its services to Program participants and receive fees or materials for salvage. All vehicles funded under the SECAT Program must be destroyed by an Approved Salvage Yard, unless SMAQMD approves an alternative disposal method that ensures emission reductions.

To become an Approved Salvage Yard, salvage yards must meet the following requirements:

- Owner possesses a current, valid auto dismantler's license issued by the California Department of Motor Vehicles.
- Owner possesses a current, valid Hazardous Material Generator and Storage Permit issued by the California Environmental Protection Agency.
- Owner has a current, approved State of California Storm Water Pollution Control Plan.
- Owner has had a valid California business license for a minimum of the last two years.
- Location where vehicles are to be dismantled must be real property within 50 miles of the District boundaries.
- A minimum of one (1) employee has been trained by the District regarding the SECAT Program.
- Owner agrees to allow the District to inspect vehicles covered under this agreement during normal business hours.

Approved Salvage Yards must agree to:

- Complete the vehicle destruction within 30 days of the date the salvage yard received the vehicle. Destruction must comply with the SECAT Program Policies and Guidelines and include cutting a hole in the engine block that is at least three inches wide and cutting the frame rails completely through in half.
- Register the title with DMV as Non-Repairable Vehicle – where the Vehicle Identification Number (VIN) can no longer be used. Non-Repairable Vehicle Notice of Retention by Owner must be filed by the owner or salvage operator within 30 days of the old vehicle delivery.

4.4 Program Disclaimer

The SECAT Program does not review the operations or reach any conclusions regarding the quality of the product or service of Approved Vehicle Dealerships and Approved Salvage Yards. The participant is solely responsible for the quality and performance of low emission vehicle and engine technology funded under the SECAT Program and may not hold the SECAT Program liable for any issues encountered with Approved Vehicle Dealerships and Approved Salvage Yards.

5.0 FLEET MODERNIZATION PROGRAM POLICIES AND GUIDELINES

The following are the policies and guidelines specific to the Fleet Modernization option under the SECAT Program. Projects such as retrofits or any other emission reduction projects must comply with the general program policies and guidelines.

The Fleet Modernization Program provides incentives to reduce emissions by replacing older vehicles with newer, lower-emission vehicles. In place since 2002, this program has been the most popular option to reduce emissions for owners operating older, higher polluting vehicles. With the help of participating engine dealerships, salvage yards, and vehicle dealerships, more than 500 old vehicles have been replaced with newer, lower-emission vehicles. A list of participating dealerships can be found on the SECAT website at www.4secat.com.

All applicants must meet the requirements and follow all of the policies and guidelines in order to be approved for funding under the SECAT Program. Vehicle dealerships are specifically trained on the provisions of the SECAT Program and can help participants throughout the application process. Please contact program staff or participating vehicle dealerships with any questions during the application process.

5.1 Participant Requirements

The following is a summary of the requirements that must be met prior to approval of a submitted application. If any information is missing or an applicant does not qualify for the program, the application will be mailed back to the applicant.

- Old vehicle must be model year 1990 or older
- Old vehicle must have been owned and operated by the applicant within the Sacramento Region for the past three years
- Old vehicle must still be operating on at least a part-time or seasonal basis
- Old vehicle must be turned into the vehicle dealership in the same condition that it was in at the time of the pre-inspection (see Section 5.4)

5.2 Application Requirements

The following items must accompany the completed original application at time of submittal. **FAXED OR COPIED APPLICATIONS ARE NOT ACCEPTED.**

- Signed and dated application
- Signed and dated Sacramento County Payee Data Record
- Copy of old vehicle title
- Vehicle Registration Information Record from the DMV including the last three years
- Mileage verification for previous three years (i.e. maintenance records, fuel receipts, mileage log books, job invoices, etc.)
 - If verification is not provided, applicant may opt into tracking mileage for 3 to 12 months based on estimated historic mileage on a case-by-case basis as approved by a project manager – FUNDS ARE NOT AVAILABLE UNTIL AFTER THE TRACKING PERIOD
- Proof of vocation – verify the normal operation of the vehicle (i.e., business letterhead, job receipts or tags, delivery invoices)
- Proof of vehicle insurance for previous three years
- If engine tag is missing, applicant may be required to provide a printout of the engine horsepower from a participating engine dealership or provide official dynamometer test data performed within the previous 90 days

5.3 Application Evaluation

SMAQMD will use its best efforts to evaluate applications within 3-5 business days after receipt. Staff may request additional information of the applicant and can deny the application if the requested information is not provided. Incomplete and illegible applications will be returned to the applicant or the vendor. 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 reconsidered.

After evaluating the application, staff will conduct a Pre-Inspection of the old vehicle. The old vehicle will be inspected to determine the condition of the vehicle. The vehicles will be reinspected immediately prior to salvaging, and if the condition of the vehicle has changed, SMAQMD may withhold payment until the vehicle is restored to the condition documented during the Pre-Inspection (see Section 5.4).

5.4 Requirements for Turning In Old Vehicle

The applicant must agree NOT to remove or replace the tires, rims, seats, fifth wheel, engine parts, hood, fenders, fuel tanks, horn, exhaust pipes, mirrors, grill, cab air shield, or any other accessory or item on the vehicles between the Pre-Inspection and the date of the Pre-Salvage inspection. At the time of the Pre-Salvage inspection and when the vehicle is turned over to the SECAT Approved Salvage Yard for salvage, all tires must be road worthy and the vehicle must be able to pass a California Highway Patrol Inspection (see sections 27452 and 27465 of the California Vehicle Code listed below). These items cannot be removed or replaced after the Pre-inspection:

- Hood
- Fuel tanks
- Tire rims
- Horns
- Chrome exhaust pipes
- Mirrors
- Grill
- Seats
- Air shield on top of cab
- 5th wheel



California Vehicle Code

Section 27452

The required thickness of rubber shall extend evenly around the entire periphery of the tire. The entire solid tire shall be securely attached to the channel base and shall be without flat spots or bumpy rubber.

Section 27465

(a) No dealer or person holding a retail seller's permit shall sell, offer for sale, expose for sale, or install on a vehicle axle for use on a highway, a pneumatic tire when the tire has less than the tread depth specified in subdivision (b). This subdivision does not apply to any person who installs on a vehicle, as part of an emergency service rendered to a disabled vehicle upon a highway, a spare tire with the disabled vehicle was equipped

(b) No person shall use on a highway a pneumatic tire on a vehicle axle when the tire has less than the following tread depth, except when temporarily installed on a disabled vehicle as specified in subdivision (a):

(1) One thirty-second (1/32) of an inch of tread depth in any two adjacent grooves at any location of the tire, except as provided in paragraphs (2) and (3).

(2) Four thirty-second (4/32) of an inch tread depth at all points in all major grooves on a tire on the steering axle of any motor vehicle specified in Section 34500, and two thirty-second (2/32) of an inch tread depth at all points in all major grooves on all other tires on the axles of these vehicles.

5.5 Replacement Vehicle Requirements

The applicant must submit a vehicle information form and ensure that the replacement truck meets the following requirements:

- Updated Model Year Requirements: All replacement vehicles are required to comply with 2007 heavy-duty diesel vehicle emission standards **The SECAT Program will not fund replacement vehicles equipped with engines certified to a standard or FEL above 1.4 g/bhp-hr NMHC+NOx and 0.01 g/bhp-hr PM unless they are retrofitted with CARB-verified diesel emission control systems that will reduce the engines emissions to no more than 1.4 g/bhp-hr NMHC+NOx and 0.01 g/bhp-hr PM.** Emission data for all engines and diesel emission control systems are available from the engine manufacturer or by contacting SECAT staff.
- Horsepower Requirements: The horsepower of the old and replacement vehicles must be the same, unless a different horsepower rating is approved by program staff, because emissions produced by a vehicle are related to engine horsepower.
- Horsepower information should be available on the old engine tag. If the engine tag is missing, program staff may opt to determine the horsepower of the replacement vehicle based on engine manufacturer data, or may require the applicant to provide proof of horsepower through a chassis dynamometer test that takes into account a 15% loss in actual horsepower based on transmission loss. Only in limited cases, where no certified engines are available for any vehicle, will staff approve a horsepower rating on the replacement vehicle that is more than 20% greater than on the old engine tag. The test must have been completed within 30 days prior to submitting the application.
- The horsepower of the engine can not be increased throughout the term of the agreement.
- System Modifications: Modifications to the following are not allowed: engine performance characteristics (including changes in horsepower), emission characteristics, engine emission components (not including repairs with like original equipment manufacturer replacement parts) or any other modifications that cause the engine's emission control system to be modified.
- Truck Weight Requirements: Heavy-duty trucks in the SECAT Program are separated into two classes for emission purposes: 14,001-33,000 lbs. GVWR and 33,001 and greater GVWR. The replacement vehicle must be in the same weight class as the old vehicle.
- Truck Axle and Body Configuration Requirements: The replacement vehicle must have the same axle and body configuration as the old vehicle. Staff may allow slight changes based on the latest technology. Changes must be requested and approved **in writing** prior to the purchase of the replacement vehicle.
- Body Funding (if applicable): If funding is available, staff may approve additional funds to help offset the costs of purchasing a body for the replacement vehicle or transferring the original body to the replacement vehicle. Request approvals will be based on necessity for the operation of the vehicle.
- Engine Warranty Requirements: All applicants must purchase a minimum of a 1-year / 100,000 mile major component engine warranty as part of the SECAT Program. Even though it is not a requirement, the SECAT Program suggests that the highest grade warranty be purchased in order to avoid any problems in the future. The SECAT Program is not responsible for any failure of the replacement vehicle, engine or any part, component or accessory. The applicant takes sole responsibility for ensuring that the truck is in operational condition throughout the agreement period. No additional funds will be issued for maintenance or repairs related to the operation of the vehicle.

- Particulate Matter Control Device: All replacement vehicles funded under the SECAT Fleet Modernization program are required to comply with 2007 heavy-duty diesel vehicle emission standards. So long as engines certified to the 0.01 g/bhp-hr PM standard are equipped with diesel particulate filters, they are not required to install supplemental retrofits.
- SECAT Program Decals: Two SECAT Program decals will be provided for each truck. Decals must be applied to each side and must be easily viewed by the public.
- Pictures of the new vehicle: **This requirement will be waived if SMAQMD personnel inspect the vehicle.** Staff or a participating dealership will take pictures of the new vehicle prior to delivery to the applicant. Pictures taken by the participating dealership must be submitted in digital format, and must show:
 - Front, rear, right and left sides of vehicle – hood down
 - Vehicle Identification Number – tag inside cab and on vehicle frame
 - Model year – tag inside cab
 - Gross Vehicular Weight Rating
 - Odometer and hour meter reading
 - Vehicle and engine date of manufacture
 - Engine – right and left sides
 - Engine model year – tag on engine
 - Engine emission family number – tag on engine
 - Engine serial number – tag on engine
 - Engine horsepower – tag on engine
 - Emission certification – tag on engine
 - Electronic Monitoring Unit (if applicable)
 - Particulate matter control device – serial number (if applicable)
 - Additional modifications / body
 - SECAT Program decals applied to the vehicle body



5.6 Funding Requirements

Funding amounts will be based on three criteria:

- (a) The SECAT Program's cost-effectiveness limit of \$100,000 / 1-year ton of NOx; or
- (b) For new replacement trucks, no more than 80% of the invoiced price; and
- (c) No more than 80% of the body value.

The SECAT Program will pay the lesser amount of either (a) or (b + c) towards the project. All funds issued by the SECAT Program must be applied towards the stated vehicle(s) and any approved parts, accessories, and body value.

5.7 Legal Ownership of the Replacement Vehicle

Leased vehicles and engines are not eligible. The participant must own and operate the replacement vehicle or engine. The participant may obtain financing to assist in the purchase. Leased vehicles and engines are not eligible for SECAT or Incentive Program funds. Leasing companies that lease vehicles or engines to others are likewise not eligible to receive SECAT or Incentive Program funds. If it is unclear whether a vehicle is owned or leased by an applicant, the District will determine if the vehicle is eligible.

The SECAT Program requires that the Sacramento Area Council of Governments be added as a lien holder on the title of the replacement vehicle throughout the term of the agreement (usually five years). SACOG should be listed on the vehicle title as follows:

Sacramento Area Council of Governments
1415 L St, Ste 300
Sacramento, CA 95814
(916) 321-9000

5.8 Certificate of Existing Vehicle Acceptance and Salvage

This certificate requirement will be waived if SMAQMD personnel inspect the vehicle. This certificate must be signed by both the vehicle dealership at the time the existing (old) vehicle is turned in and by the salvage yard at the time the old vehicle is destroyed. The old vehicle must be turned in within 30 days of taking possession of the new vehicle. The old vehicle must be in the same operating condition as it was during the first inspection. If the truck is stripped, parts are taken off, or the tires are found not to be road worthy, the applicant will be in breach of the contract and will either be required to reinstall all missing or defective parts to the participating salvage yards or repay the total incentive amount.

The salvage yard has 30 days to destroy the truck by cutting the frame rails and punching a hole in the engine block large enough to prevent repairs (minimum 3-inch diameter hole). The salvage yard must also take pictures of the destroyed vehicle and register the title with DMV as a Non-Repairable Vehicle so that the VIN number can no longer be used. Non-Repairable Vehicle Notice must be filed by the owner or salvage yard within 30 days of delivery. Pictures of the vehicle must include the following:

- Front of vehicle with hood down
- Right side of vehicle with hood down
- Left side of vehicle with hood down
- Vehicle Identification Number (VIN) on tag inside of cab and on frame rail
- Odometer reading
- License plate
- Engine, including engine serial number on tag or stamped on block
- Hole in engine
- Frame rails cut into two pieces

5.9 Certificate of Vehicle / Equipment Inspection Form

This certificate requirement will be waived if SMAQMD personnel inspect the vehicle. This certificate must either be signed by SMAQMD staff or a participating vehicle or equipment dealership as designated by the SECAT Program. This certificate provides verification of the condition of the old and new vehicles and equipment. Old vehicles must be inspected under normal operating conditions.

5.10 Performance Requirements and Contractual Obligations of the Participant

All participants in the Fleet Modernization Program will be required to agree to the following terms for a minimum of five years. These requirements are in addition to the requirements in the general guidelines. If these provisions conflict with the general requirements, these requirements will control.

- **Vehicle Vocation:** The replacement vehicle must operate in the same vocation(s) (i.e., used for the same purpose) for the next five years and at least 85% of the time. If a change of vocation is required to stay in operation, a written explanation must be provided to the SECAT Program and approved by staff.
- **Maximum Mileage Limits:** The total accumulated mileage on the replacement vehicle can not be over 150% of the average historic mileage for the past three years. Exceptions to this must be submitted to and approved by SMAQMD.
- **Accident Reports:** If the replacement vehicle is involved in an accident, the applicant will need to report the accident to program staff within 10 business days. The applicant will be required to

provide a police report of the accident, a letter from the insurance company regarding the accident, and any additional information requested by SMAQMD. Down time due to an accident will be credited toward the performance requirements as long as the information is reported as requested and the participant repairs the vehicle as soon as possible. The participant will be required to repair the vehicle and return it to operation if possible. If the vehicle is totaled, SMAQMD may demand repayment of a pro rated portion of the incentive funds.

5.11 EPA SmartWay® Certified Tractors

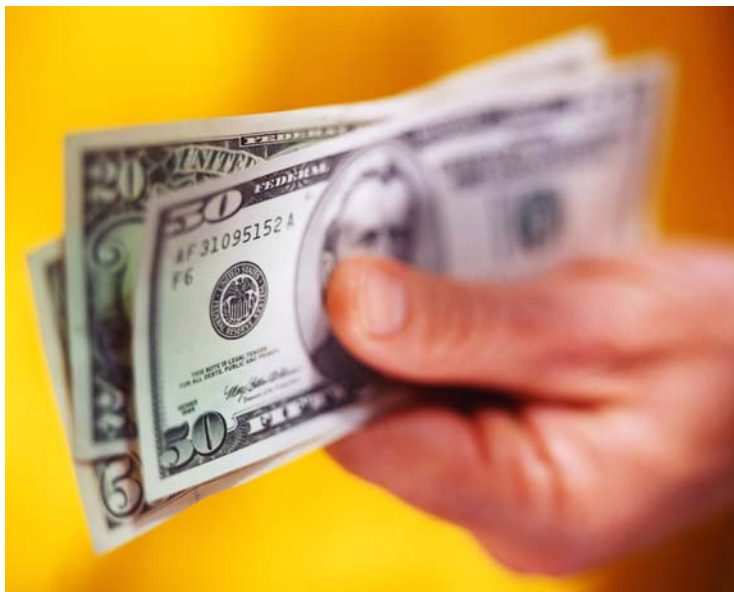
The SECAT Program is adding a new option for Fleet Modernization projects by increasing the incentive amount for new vehicles certified as a US EPA SmartWay® Certified Tractor. The SmartWay® Transport Partnership is an innovative collaboration between the U.S. EPA and the freight industry to increase energy efficiency while significantly reducing greenhouse gases and air pollution. SMAQMD has determined that these tractors can reduce NOx emissions by 10% compared to a standard 2007-compliant tractor (Fuel Economy Improvements and NOx Reduction by Reduction of Parasitic Losses: Effect of Engine Design, Paper Number 2006-01-3474).

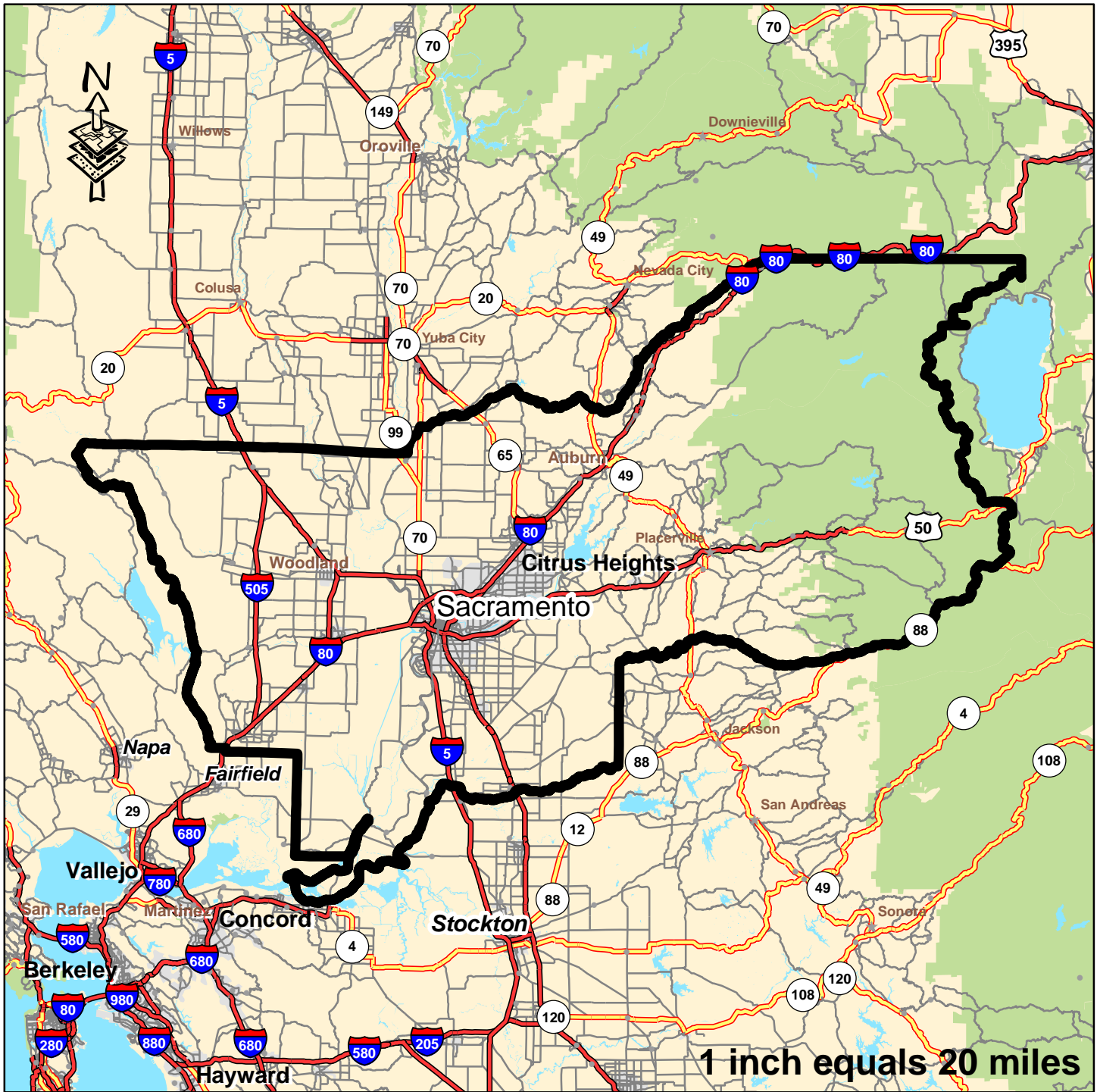
The basic specifications for a US EPA SmartWay® Certified Tractor are:

- Model Year 2007 or later engine;
- Integrated cab-high roof fairing;
- Tractor-mounted side fairing gap reducers;
- Tractor fuel-tank side fairings;
- Aerodynamic bumper and mirrors;
- Options for reducing periods of extended engine idling (auxiliary power units, generator sets, direct fired heaters, battery powered HVAC system, and automatic engine start/stop system); and
- Options for low-rolling resistance tires (single wide or dual).



Certified trucks are available from most manufacturers. To determine the increased incentive amount for a US EPA SmartWay® Certified Tractor, the emissions from the new truck are reduced by 10%. Using our calculator, you will enter a 10% NOx reduction as a retrofit under the Fleet Modernization option. This will increase the total NOx reduction, thereby increasing the incentive amount. Additionally, the 10% in fuel savings will also reduce the total cost-of-ownership throughout the life of the truck. Please contact your dealer for more information about the availability of US EPA SmartWay® Certified Tractors.





Sacramento Federal Nonattainment Area Map

SACRAMENTO METROPOLITAN

