

The Sacramento Emergency Clean Air Transportation (SECAT) Program



Presents:

FLEET MODERNIZATION

(Lawson/Truck Replacement Program)

Prepared By:
The Mobile Sources Division,
Sacramento Metropolitan Air
Quality Management District

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I. 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) whose goal is to reduce harmful emissions from on-road heavy-duty diesel vehicles. The region has a goal to reduce oxides of nitrogen (NO_x) emissions by 2 tons per day by November 2002 and a total of 3 tons per day by April 2005 within the Sacramento Federal Ozone Non-Attainment Area (See appendix II). NO_x is a precursor in creating ozone, a harmful air pollutant that increases the risks of problems such as asthma, bronchitis and other breathing problems.

The SECAT Program has \$70 million to reduce emission by three means: (1) offset the costs of replacing an older diesel engine with a newer diesel engine; (2) offset the incremental costs of purchasing a new low-emission vehicle; and (3) offset the incremental costs of retrofitting with a low-emission aftertreatment device or a low-emission fuel. Fleet Modernization is a new pilot-program recently approved by the California Air Resources Board (CARB) which would add a fourth option to the SECAT Program to help reduce emissions from older diesel trucks by replacing them with newer, lower-emission diesel trucks.

This is the final guidelines and policies as they relate to the implementation of the fleet modernization portion of the SECAT Program. The goal of these guidelines is to help simplify the process of the Fleet Modernization Program while facilitating in the collection of all necessary information needed in order to claim all emission reduction credits towards our air quality commitments.

Fleet Modernization's objective is to reduce emissions by replacing pre-1984 trucks with 1994- and newer (but, not new) model year trucks. In addition to replacing the trucks, the engines will be calibrated to the lowest NO_x emissions level; a currently certified or verified particulate matter (PM) oxidation catalyst will be installed (if available); and a digital odometer will be installed to verify the actual miles driven within the Sacramento air basin. If cost-effective, repowering or retrofitting the newer truck may also occur.

In order to meet our goal for 2002, the program will need to replace between 300-1,200 by November 2002. The success of the fleet modernization program depends on full cooperation of all qualified truck dealerships, engine manufacturers, engine distributors and auto dismantling yards.

This is a pilot-program implemented only in the Sacramento region. If the program is successful in our area, other areas, including the rest of California, Texas and other states, may adopt similar fleet modernization programs.

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III. INTRODUCTION

Air quality within the Sacramento region continues to be unhealthy, especially during the hot summer months. Most of the pollution is created by mobile sources including automobiles and heavy-duty vehicles. The Sacramento Emergency Clean Air Transportation (SECAT) Program was created to provide incentives to purchase technologies for on-road heavy-duty vehicles to lower emissions. \$70 million has been allocated to the SECAT program.

The following proposal contains the policies and guidelines of the Fleet Modernization Program. Fleet modernization will provide another option under the SECAT Program to help reduce emissions from on-road heavy-duty diesel vehicles (14,000 lbs. GVWR and greater). In order to meet conformity goals of reducing NO_x by 2 tons per day, the program will need to replace between 300 – 1,200 trucks by November 2002. Participation by all individuals, truck dealerships and other entities is requested in order to meet these goals. There is no limit to the number of vehicles that any one company may submit for consideration.

All projects must reduce emissions from on-road motor vehicles in the Sacramento Federal Ozone Non-Attainment Area (See Appendix II). On-road motor vehicles are defined as “self-propelled motor vehicles that are manufactured for or designed primarily for use on public roads.” Heavy-duty vehicles are defined as on-road motor vehicles greater than 14,000 lbs. GVWR. All qualifying projects must meet the policies and guidelines in order to receive incentives.

The following policies and guidelines include minimum qualifications for a truck to enter the program, the responsibilities of truck owners, the truck dealerships, engine dealerships, salvage yards, the Sacramento Metropolitan Air Quality Management District (District) and funding amounts.

Certain requirements will be required of all participants in the Fleet Modernization Program to ensure quality control. All truck dealerships, engine dealerships and salvage yards will be required to enter into an agreement with the District to ensure that all responsibilities and guidelines will be followed. The success of the program depends on following the guidelines as closely as possible.

The District expects that the truck dealerships will provide most of the support to the applicants and to the District. However, any qualifying truck owner may participate in the Program without going through a dealership as long as the truck owner assumes all of the responsibilities of the dealership as identified in these guidelines. The District recognizes the need to provide all necessary components to enable truck dealerships the ability to educate the participants of the goals of the program. Training materials will be provided to each truck dealership to facilitate in encouraging participation in the program.

IV. FLEET MODERNIZATION PROGRAM OUTLINE

The following provides an outline of the minimum qualifications and the paperwork that will need to be received by the District before applications are approved and reimbursement is issued.

Truck dealerships are encouraged to become the point of contact between the applicant and the District in order to facilitate an easier application process. It is not required that an applicant applies through a truck dealership. The process will probably be easier for the applicant if he/she works with a truck dealership throughout the process. All paperwork below will be required for each project whether or not an applicant works with a truck dealership.

If the applicant does not itself own or control the vehicle(s) in question, the application must include a satisfactory, binding contract with the person(s) or organization(s) that do own or control those vehicles. The contract must commit the owner/controller of the vehicles to carry out the actions described in these guidelines.

The following lists provide the program's minimum qualifications and necessary paperwork to complete the application and reimbursement process. A more detailed description of the program can be found under the Fleet Modernization Program Details.

A. Minimum Qualifications to Participate

1. Old truck must be pre-1984
2. The owner must have owned the truck for a minimum of two (2) years
3. The truck must be in operating condition and be able to pass a safety (BIT) inspection
4. Historic usage (minimum number of contracted miles) of the truck must be within the Sacramento air basin within the last two years
5. Old truck has been insured

B. Paperwork Required to Process Application

1. Sign and complete application
2. Complete a Sacramento County tax form W-9 with application
3. Provide N.A.D.A. base loan value printout for the replacement truck to be turned in with the application. Valuation of a truck with a specialized body will be determined using a valuation guide such as Kelley Blue Book.
4. Provide proof of the vocation(s) (rock hauling, ag. hauling, logging, etc.) the truck was used for throughout the past two years. Proof includes contracts, invoices, etc.
5. Provide proof of mileage driven within the Sacramento Federal Ozone Non-Attainment Area for the last two years (or more if contracting for more mileage).

C. Paperwork Required to Complete Reimbursement Process

1. Signed agreement between participant and SECAT Program
2. Inspection of both old and new vehicles (provide pictures of inspection)
3. Provide copy of dealers report of sale and DMV title documentation showing SECAT as:
 - 1st lien holder if no financing was provided; or
 - 2nd lien holder if financing was provided
4. Provide truck financing certificate
5. Provide certificate of engine calibration on the replacement vehicle
6. Provide certificate of the particulate matter oxidation catalyst installation on the replacement vehicle
7. Provide safety inspection certification of old truck
8. Provide a copy of an engine warranty certification on the replacement vehicle
9. Provide certification of a digital odometer installation
10. Provide salvage guarantee warranting that the old truck will be sent to a qualified truck salvage yard

D. Salvage Dealer Responsibilities

1. Dismantle old truck within 90 days from vehicle turn-in
2. Destroy engine block to ensure that block will not be used again
3. Cut the frame rails of the truck to ensure that the truck will not be used again
4. Take photographs of the hole in the engine block and the cut frame rails
5. Provide pictures and certificates to the District within 90 days of the date the vehicle was turned in

E. Contractual Obligations of Participant through Five (5) Year Agreement

1. Run the minimum number of contracted miles within the region each year for the next five (5) years
2. Provide statements monthly of mileage accumulation within the Sacramento Federal Ozone Non-Attainment Area (see Appendix I) and mileage accumulated outside of the Area – District will provide all forms necessary
3. Provide District with information of change of name, address, phone number
4. Notify District within 10 working days if vehicle is involved in an accident and turn in applicable insurance and DMV paperwork
5. Continue to work in contracted vocation(s) a minimum of 85% of the time – a change in vocation must be verified with the District

V. FLEET MODERNIZATION PROGRAM DETAILS

The following sections will provide more detail on the fleet modernization program. The participant must meet all requirements before reimbursement can be processed.

A. Truck Dealership Role: Truck dealerships are encouraged to help in the application process as much as possible. It is recommended that each dealership have one or two people work as liaisons with the District to ensure that the correct information is given to the applicants. Each dealership must commit to a contract that will ensure that they are qualified to work as a representative of the program.

The following is a description of requirements that need to be met before reimbursement can be issued. Responsibilities include the following:

1. Complete application process. Any technical questions can be directed to the District.
2. Provide basic information about the SECAT Program. Training will be provided for 1-2 people who will function as liaisons between the dealerships and the District. All questions should be funneled through the liaisons before they come to the District to ensure that the correct message is presented.
3. Inform participants of rights and responsibilities. A list of participant rights and responsibilities will be designed to provide the necessary information that will enable the participant the ability to make sound decisions.
4. Help fill out paperwork with participant. The application may seem overwhelming to the participant. It is important to make sure that all information is filled out correctly and that the participant understands the meaning of the application.
5. Complete inspection of old truck and return pictures with application. The information on the vehicle information form shall be exactly the same as the information on the truck. The inspection will also ensure that the emission benefits are verifiable.
6. Provide N.A.D.A. base loan value paperwork for the newer truck and attach it with application. Valuation of the body (if applicable) will be based upon a new body (similar make and model of body on old truck) and age of the replacement truck. The incentive amount available for the purchase of the truck will be based upon two criteria: (1) cost-effectiveness of the project based upon the emission benefit and (2) the value of the truck based upon the N.A.D.A. base loan value. Reimbursement will not be made at an amount that exceeds the N.A.D.A. base loan value plus the costs for kit that includes the engine calibration, catalyst installation, salvage costs, and digital odometer installation. The value of the body will be determined by taking the new value of a similar body and depreciating it 20% per year down to the age of the replacement vehicle, with a minimum limit of 20% in value. Labor and taxes of the body will not be reimbursed.
7. Provide invoices of all work related to truck before reimbursement can be made. The invoices should include all engine dealers provided invoices plus the proof of sale of the replacement vehicle.
8. Inspect new vehicle. This inspection is similar to the inspection of the old truck. Pictures must be taken. Auditing of the new trucks will begin soon after the implementation of the program.

9. Provide proof truck is under contract to a qualified salvage yard. A number of qualified salvage yards will be contracted through our program in order to assure that the trucks will be properly salvaged. The salvage yard must sign a contract stating the make, model, year, VIN, engine make and engine serial number and the date in which the truck is expected in their yard. The salvage yard will then have 90 days to properly dispose of the truck and provide all required documents to the District. It is a truck dealer's responsibility to obtain the certificate, not to ensure that the salvage actually occurs.
10. Provide title information. The District shall be named as the second lien holder on the truck if financing is required. The District shall be named as the first lien holder if financing is not required. The title information will not only provide this proof, but also the name of the owner and financing company (if applicable). The District will stay as a lien holder until the end of the five-year commitment.
11. Provide copy of financing package. The financing package will enable our office to determine what costs should be accrued in case the participant defaults on the contracted performance requirements.
12. Provide complete package containing the following paperwork (all certificates will be designed by the District):
 - Salvage guarantee warranting that the old vehicle will be sent to a qualified truck salvage yard
 - Engine calibration certificate on the replacement vehicle
 - Particulate matter oxidation catalyst certificate on the replacement vehicle
 - Digital odometer installation certificate on the replacement vehicle
 - Safety (BIT) inspection certificate on the old vehicle
 - Engine warranty certificate (copy) on the replacement vehicle
 - Invoices for all work completed on the replacement vehicle
 - Copies of dealer's report of sale and DMV registration paperwork on the replacement vehicle
 - Insurance as required for the value of the truck

All paperwork should be collected from corresponding engine dealerships and salvage yards. Reimbursement cannot be issued until all forms are turned into the District.

B. Old Truck Requirements: All older trucks must meet the following conditions before reimbursement process can be completed.

- 1. Model Year of Truck Must Be Pre-1984:** In order to qualify for the Fleet Modernization Program, the older truck's model year must be pre-1984. The model year of the engine must not be newer than 1990.
- 2. Truck Must Pass a Safety (BIT) Inspection:** The older truck must pass a safety (BIT) inspection as a requirement. This is required to ensure that the vehicle was in running condition before it entered the program.
 - a. If the truck does not pass the safety inspection and it does not look as though it has been running within the last two years, the owner must provide written verification that the truck has been running to the satisfaction of the District. These trucks will need to be inspected by the District before application approval will be made.

- b. If the truck does not pass the safety inspection and is in need of minor repairs, the owner will be required to get a minimum of two (2) estimates for the repairs. The District will use the higher of the two estimates. The District will not require that the owner pay for the minor repairs on the old truck, but will deduct the cost of the repairs from the District's contribution towards the purchase of the new truck. All repair estimates must be turned into the District before the project receives approval.

C. Newer Truck Requirements: All replacement trucks must meet the following conditions before ownership is given to the applicant. The truck dealership must inspect the replacement vehicle (see vehicle inspection requirements on page 11). All pictures should be turned into the district before the truck is released to the participant.

1. Engine Horsepower Requirements: Because engine horsepower is related the emissions produced by heavy-duty diesel engines, the horsepower rating for the newer truck engine must be as close to the original manufacturer rated horsepower for the engine in the truck being replaced as possible. However, the District recognizes that the engines operating in the truck being replaced may be operating at a higher than original horsepower, which is necessary to provide adequate performance. If applicable, the horsepower of the newer engine will need to be legally de-rated (calibrated) to the old engine's horsepower. Auditing of the newer truck's horsepower may occur throughout the length of the agreement. Applicants can use any one of the following methods to determine the horsepower acceptable for the newer truck engine.

- (A) The newer truck engine is calibrated to the closest certified horsepower, but not lower than the original manufacturer rated horsepower for the truck being replaced, not to exceed a 20% increase.
- (B) If the old truck engine has been modified for increased horsepower, than an approved engine distributor can test the old truck by using a chassis dynamometer to determine the current horsepower. The transmission loss factor for calculating engine horsepower shall be 0.85. However, the maximum acceptable increase above the original manufacturer rated horsepower shall be no more than 20%. The replacement truck engine horsepower can be calibrated to the closest certified horsepower but not lower than the chassis dynamometer determination for the truck being replaced, not to exceed a 20% increase. **SECAT WILL NOT COVER ANY COST ASSOCIATED WITH THE DYNAMOMETER TESTING.**

$$\text{Engine horsepower} = (\text{Wheel horsepower})/(0.85)$$

In extremely limited situations an exception to the 20% horsepower increase may be allowed by petition of the applicant. However, each petition will require a SECAT staff analysis and be presented to the SECAT Executive Committee for consideration. This will substantially delay the application approval process.

2. Emission Control Modifications: The emission controls on the replacement truck engine can not be modified in any manner. Additionally, modifications to engine performance (including changes in horsepower), emission characteristics, engine

emission components (not including repairs with like original equipment manufacturer replacement parts), or any other modifications to cause the engine's emission control function to be modified will not be allowed.

3. New Truck Weight Requirements: The following weight class requirements must be met in order for a newer truck to qualify for the Fleet Modernization Program:

- a. The newer truck must be in the same weight class as the old truck (Class 4,5,6,7,8)
- b. If the older truck's GVWR is less than 33,000 lbs., then the newer truck GVWR must also be less than 33,000 lbs.
- c. If the older truck's GVWR is greater than 33,000 lbs., then the newer truck GVWR must also be more than 33,000 lbs.

4. Other Requirements: The following other requirements must be completed before the replacement truck is released to the applicant. These other requirements include calibration of the replacement truck engine, installation of particulate matter oxidation catalyst (if available), installation of digital odometer (if available), a warranty issued for the engine, and the salvage guarantee of the old truck.

- a. Engine Calibration: The new truck will be required to have the engine calibrated to the lowest NOx emissions standard certified by CARB. The engine manufacturer must complete the engine calibration. Certification of the calibration must be turned into the District before the truck is released to the applicant. **Calibration of the engine does not need to occur if the engine in the newer truck is model year 1999 or newer.
- b. Particulate Matter Oxidation Catalyst: If a particulate matter oxidation catalyst is available, one must be installed on the truck. CARB certification or verification is required before installation of the device can be made. Installation certification by the engine distributor must be turned in before the truck is released to the applicant.
- c. Digital Odometer: A digital odometer will be installed before the vehicle is released to the participant. Verification of the installation must be turned into the District before the truck is released to the participant.
- d. Engine Warranty: An engine warranty must be issued for the new truck engine. The warranty must cover parts and labor for a minimum of 12 months or 100,000 miles.
- e. Truck Salvage: Any costs to dispose of the old truck through a salvage yard.

5. Other Requirement Costs: The District shall contribute \$5,000 (\$6,000 if dual exhaust) to cover the cost of the Other Requirements. The cost of the kit will be in addition to the N.A.D.A. loan base value. If an oxidation catalyst is not available for installation, the cost of the kit shall not exceed \$4,000.

6. Engine Calibration Requirements for 1998 Model Year Engines: Due to differences in emission maps installed on all 1998 model year engines, the engines pollute at a higher level than any other model year engine. For this reason, all 1998 model year engines must be calibrated to the lowest certified emission standards. Calibration of the engines must meet or emit at a lower level than the standards of a calibrated 1997 engine. Calibrations that meet 1999 or newer standards will qualify for the program. Confirmation on engine calibration certification is required from the respective engine manufacturer before reimbursement will be issued. If a 1998 engine can be calibrated to a satisfactory emissions level, than the engine would qualify under the program.

7. New Engine Repower: All newer trucks may qualify for funding to repower the existing engine with a 2001 or newer model year engine. The cost-effectiveness guidelines are given in the SECAT Funding Availability and Cost-Effectiveness Guidelines section.

The application must show that a new engine repower is to occur. An estimate of the work must also be attached to the application. The District must give approval before any work is started. If a new engine is installed into the truck, an engine calibration will not be necessary.

D. Vehicle Inspection: In order to ensure that all emission reductions are claimable, truck information has to be recorded and verified for both the old truck and the replacement truck. The following inspection procedure shall be used for all trucks.

An informal inspection of the old vehicle will need to be completed before an application is turned into the District in order to provide accurate information. The applicant or truck dealership can complete this inspection.

Two formal inspections of the old truck must occur before reimbursement can be issued. One inspection includes taking the pictures of the truck using the format below to verify truck information. The second inspection is a safety (BIT) inspection that would need to be completed by a qualified engine distributor.

An inspection of the replacement vehicle shall be completed following the installation of all necessary parts in accordance with the Program using the format below.

Inspection using a camera. Digital photographs are required for all truck inspections. All photographs should be placed on 3.5" 1.44 MB floppy disks that are IBM formatted. All pictures should be in JPEG format with a resolution no lower than 640 X 480. All disks need to be labeled correctly. Clarity is pertinent. Please verify clarity of pictures before turning them into the District.

Truck Inspection:

1. Safety (BIT) Inspection and Certification completed by engine manufacturer of old truck
2. Pictures taken of vehicle include the following views:
 - Old Truck:
 1. Right Side—hood down
 2. Front—hood down

3. Left Side—hood down
 4. VIN Tag—inside truck or on frame rail
 5. Engine—left side
 6. Engine—right side
 7. Engine Serial Number--either tag or stamp on block
 8. License plate
- New Truck
 1. Right Side—hood down
 2. Front—hood down
 3. Left Side—hood down
 4. Rear
 5. VIN Tag—inside truck and on frame rail
 6. Engine—left side
 7. Engine—right side
 8. Engine Serial Number and Engine Information—tag
 9. Digital odometer Unit (in working condition)
 10. Oxidation Catalyst (If available)
 11. Odometer Reading
 12. Additional modifications (if applicable)

Reimbursement will not be processed until all photographs are received by the District and verified.

E. Engine Dealership Role and Responsibilities: Engine dealerships will be given the responsibilities of ensuring that the following items are accurately completed on every truck. Each engine dealership wishing to participate in the Fleet Modernization Program must enter into an agreement with the District. Each qualifying dealership may, with the prior approval of the District, subcontract the following work. However, the engine dealer will be responsible for any work completed at another shop.

- 1. Provide certificate of engine calibration:** The engine will be calibrated to the lowest NOx emission level. The District will need certification stating that the engine calibration was verified/certified by the California Air Resources Board (CARB).
- 2. Provide certificate of installation of a particulate matter oxidation catalyst (if available).** An oxidation catalyst (or other available technology to lower Particulate Matter – PM) will also be installed in place of the original muffler. The District will need certification that the oxidation catalyst was approved for installation on vehicles within California by CARB
- 3. Conduct a safety (BIT) inspection of the old truck.** An old truck will not be allowed to enter the program if it does not pass the safety (BIT) inspection outlined by the CHP.
- 4. Provide engine warranty certification.** An inspection and one year/100,000 mile warranty shall be provided for any engine that is purchased through our program. If an engine does not meet warranty criteria, the participant must be notified immediately. The truck will be disqualified if the engine does not qualify for an engine warranty.
- 5. Provide certification of mileage counting device installation.** A digital odometer counts the mileage of the vehicle within the Sacramento Federal Ozone

Non-Attainment Area. No other information will be available for collection by the District.

6. **Provide invoices of all work completed.** Send all invoices to the truck dealership. Each truck dealership or participant will be required to package the invoices for review.

F. Application Approval Process: The participant will be responsible for providing the following information before an application will be approved:

1. Proof of ownership for at least two (2) years;
2. Proof of vocation(s) (i.e. agriculture, logging, etc.). The participant will need to commit to staying within the same vocation for the next five years. The participant must provide proof if the truck was involved in more than one vocation.
3. Proof of mileage from the past two years (or more if applying for more miles than accumulated during the past two years). The participant will be required to contract with the District for two mileage limits.
 - (A) The first will be based upon the mileage that the participant is committing to the program. This mileage may be based upon emission reductions rather than actual mileage he/she plans to accumulate.
 - (B) The second mileage is the actual mileage the truck plans on operating based upon past years. The participant may not drive more than 1.3 times the amount of historic mileage proven to the District.
4. Completed and signed application forms.
5. Completed and signed Sacramento County Form W-9. All funds provided by the Program will have an IRS Form 1099-misc. issued for the funded amount. It is recommended that all applicants seek professional advice in order to determine any financial liability that may occur due to the 1099.

G. Reimbursement Requirements: Before a reimbursement check can be issued, the participant must complete the following:

1. Sign and date agreement.
2. Invoice the Program for the funds the participant is seeking (District staff will help determine this amount and may also help create the invoice for the participant).
3. The District must receive a certificate from the truck dealership stating that the truck will be taken to a qualified salvage yard within 30 days.
4. Participant must provide insurance coverage for the minimum amount of coverage stated under the agreement. Coverage must cover the replacement value of the new truck.

The participant must agree to the following terms:

1. Stay within the designated vocation(s) for the next five- (5) years at least 85% of the time. **(FLEET MODERIZATION ONLY)**
2. Drive no more than 1.3 times the historic mileage based on the records from the previous two years. **(FLEET MODERIZATION ONLY)**
3. Provide mileage updates once a month.
4. Provide the district with any name, address, phone number or company changes within two weeks of the change.
5. Inform the district immediately if the vehicle is involved in an accident
6. Provide insurance and DMV records in case of an accident including inspection reports and payment information.
7. Provide proof of minimum insurance requirements and registration 1-2 times a year. Reminders will be sent to the participants throughout the year from the District.
8. A digital odometer will be installed on the vehicle. If one is not available at the inception of the program, installation must occur within 2 weeks of a device becoming available. The device will show mileage accumulation locally and the participant will be required to provide this information on a monthly basis. District will cover the cost of the digital odometer and its installation. Participant will send in a mileage reading from the digital odometer on a monthly basis to the District. The District will provide postage paid envelopes.
9. **If the digital odometer is not available.** Mileage logbooks will be available for all participants. Participants may be required to mail in copies of the logbooks once a month. All materials will be provided by the District upon the completion of the purchase of the truck.

H. SECAT Funding Availability and Cost-Effectiveness Guidelines

Two criteria will be used to determine the incentive amount. First, the N.A.D.A. Base Loan Value will be the maximum value that the Program will pay for the vehicle. Second, cost-effectiveness thresholds will limit the total amount of funding available. Parts such as the engine calibration, oxidation catalyst, digital odometer and installation, the salvage disposal, and engine warranty costs will not be included in the base loan value portion of the incentive.

The following cost-effectiveness thresholds have been designed.

Funding Chart

Model Year Old Truck	Engine Replacement in newer truck?	Model Year New Truck Engine	Cost-Effectiveness \$/ 1-yr. ton NOx
Pre – 1977	Original engine	1994 or newer ¹	\$20,000
	Repowered with new engine	Latest available new engine ²	\$35,000
1977 – 1983	Original engine	1994 or newer ¹	\$45,000
	Repowered with new engine	Latest available new engine ²	\$45,000

All funding amounts require approval of the District prior to any transaction. Additional funding may be available depending on circumstances. Under the Fleet Modernization Program any funding over \$45,000 / 1-yr. ton of NOx will require approval of the SACOG Board of Directors.

If an old truck has a specialized body (10 wheel dump, transfer, mixer, etc.), the program will pay up to the figures in the following table for the purchase/replacement/retrofit of a similar make and model.

Truck Body Value

Age of replacement body	Percentage covered
0	72%
1	58%
2	43%
3	29%
4+ years	15%

The percentage paid is based upon the following figures:

(Age of the Replacement Vehicle) * (New Body Cost) * (20% Depreciation) * (72% - percentage of loan value paid) = Incentive Amount (below cost-effectiveness threshold)

Other rules and requirements of the purchase/replacement/retrofit of a specialized body:

1. Taxes will not be reimbursed by the SECAT Program
2. Installation costs will not be reimbursed by the SECAT Program
3. Three (3) estimates of the value of the body are required with the application from three independent body companies
4. The reimbursement amount of the body, replacement vehicle and kit will not be above the maximum amount allowed

¹ 1998 model year engines will not be allowed to participant in the program unless the engine is emission performance is re-calibrated to meet or exceed the emission standards for a 1997 model year engine.

² Requires repower of original new truck engine with a latest model, new engine certified by the California Air Resources Board to 4.0 or 2.5 grams per horsepower-hour.

5. The reimbursement amount of the body will not exceed the actual costs of the body (a receipt of sale will be required before reimbursement will be issued)

I. Truck Salvage Yards

The old truck must be taken to a truck salvage yard and destroyed. Minimum requirements include cracking the engine block of the old engine and cutting of the frame rails. The trucks must be taken to a qualified salvage yard.

Truck salvage yards will be required to enter into an agreement with the Program to qualify for participation. This will ensure that the truck is dismantled correctly. Qualified truck salvage yards will be required to be licensed by the DMV as an auto-dismantler; have a current, valid Cal-EPA Hazardous Materials Generators Permit, be in accordance with all local, state and federal laws and regulations; and be given a period of 90 days to dismantle the truck in accordance with Program guidelines.

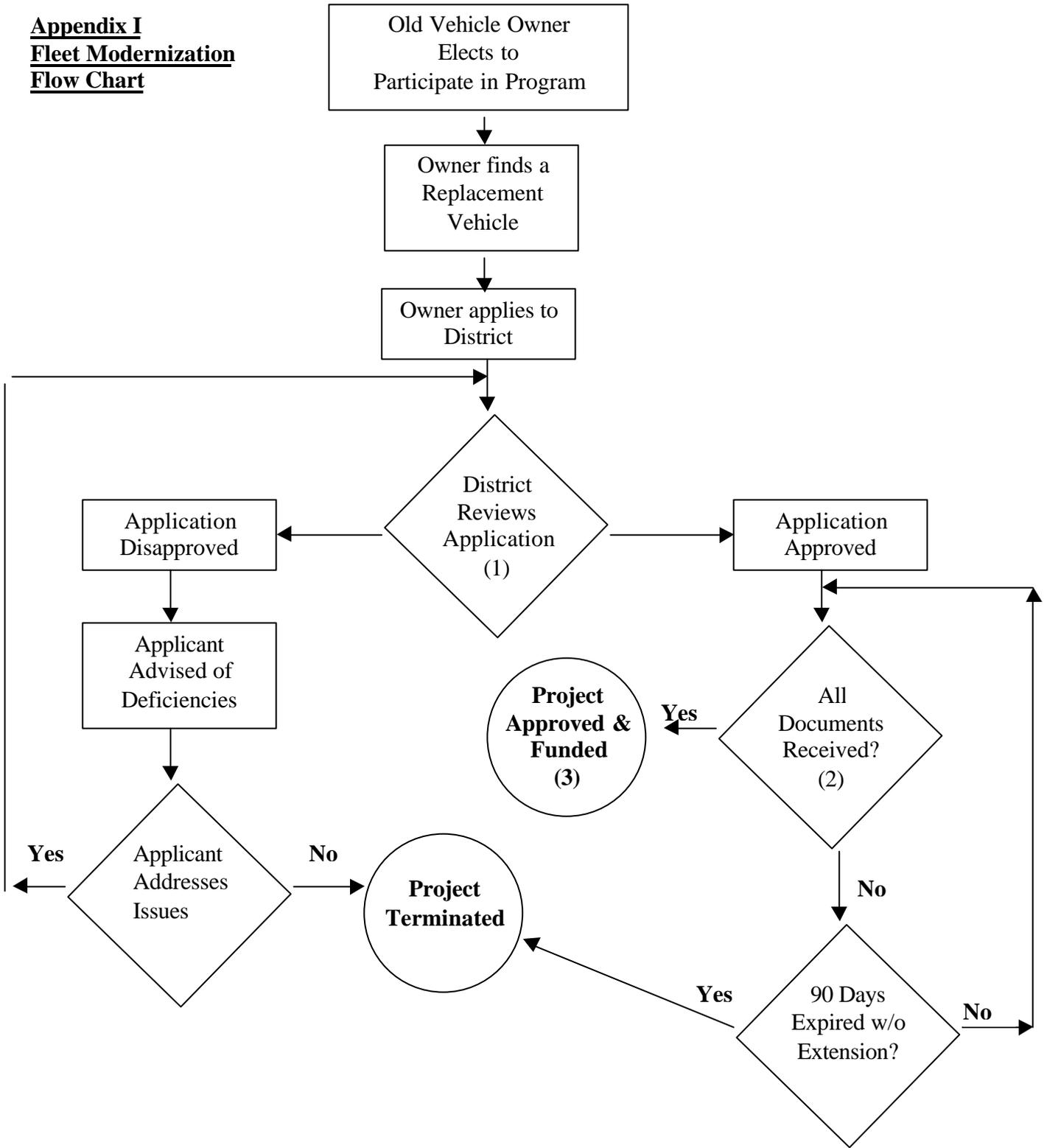
Two inspections of the old truck will occur. The first inspection will occur after the District has accepted the application. This inspection will look at three criteria: (1) that the truck passes a safety (BIT) inspection, (2) a visual inspection to ensure that the truck has been in use the past two years and (3) verification of the application information.

The second inspection will occur at the salvage yard. This inspection will use pictures taken from the first inspection to ensure that the truck that is turned in is the qualifying truck.

The following pictures will need to be provided by the salvage yard to the District within 90 days after the truck was turned in. The pictures should use the same format as the truck inspection pictures. The following picture views should be taken:

1. Front of truck with hood down
2. Right side of truck with hood down
3. Left side of truck with hood down
4. Serial number printed either on the tag inside of the cab or on the frame rail
5. Engine side view
6. Engine serial number either stamped on the block or on the tag
7. Hole in the engine block either in-frame or out of frame
8. Cut frame rails

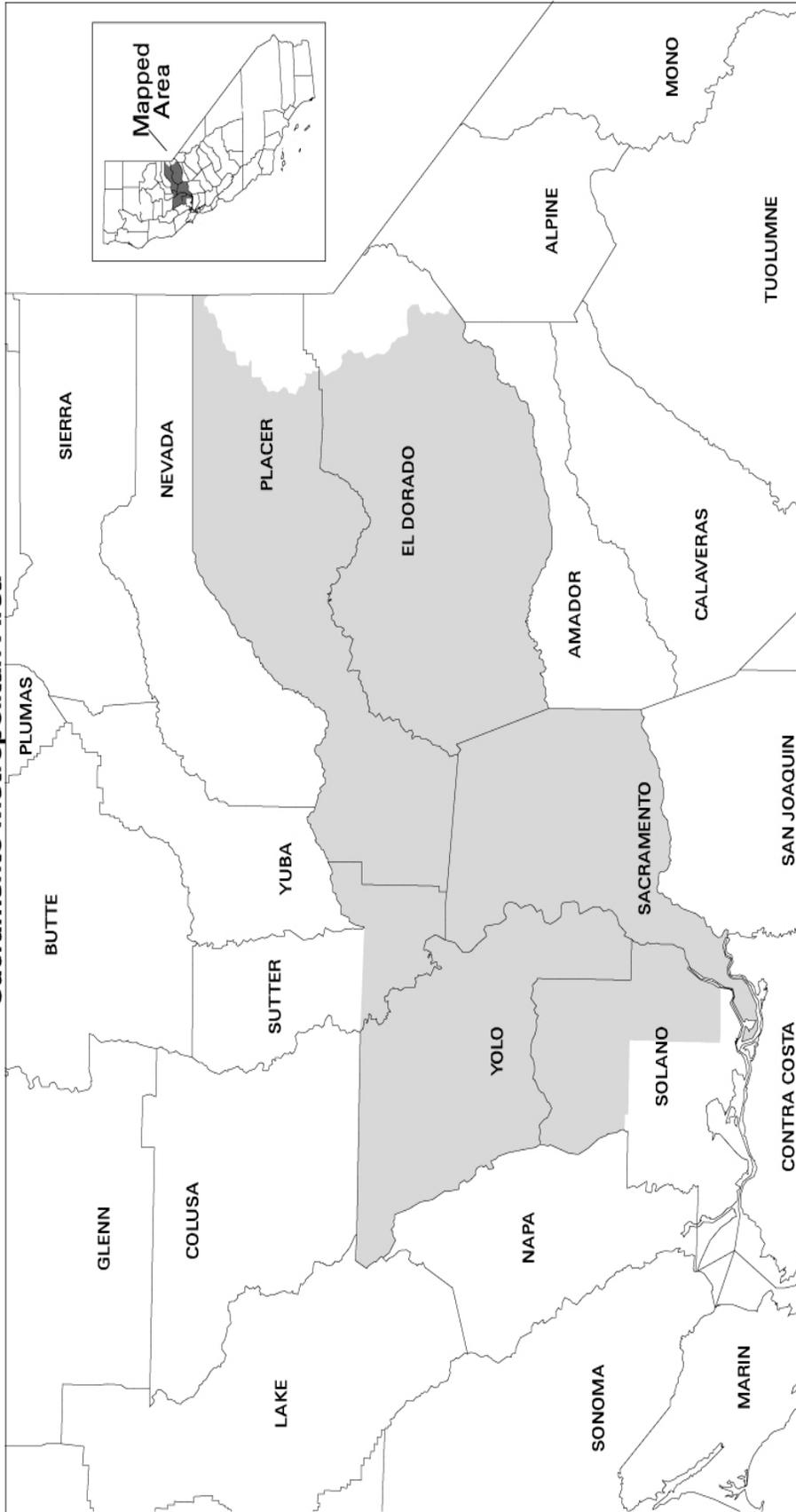
Appendix I
Fleet Modernization
Flow Chart



<p>(1) Old Truck Qualified</p> <ul style="list-style-type: none"> • MY pre-'84 • Proof: minimum 2 years ownership • Insured • Passes safety inspection • Proof of miles driven within Sacramento region for past 2 years 	<p>(2) New Truck Qualified</p> <ul style="list-style-type: none"> • Insured • Engine Calibration & Oxidation Catalyst • MY '94-'00 • Engine Warranty • Dealers Report of Sale • Lien holder Verification • Salvage Certificate 	<p>(3) Salvage yard has 90 days to destroy engine and cut frame rails.</p> <ul style="list-style-type: none"> • Salvage Verification
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Appendix II – Map of Sacramento Federal Non-Attainment Area

**Federal Ozone Nonattainment Area - "Severe" Designation Status
Sacramento Metropolitan Area**



This map represents the Federal EPA's classification of the Sacramento Metropolitan Area designated as severe in attaining National Ambient Air Quality Standards for ozone. The coverage shows EPA-designated areas (comprised of counties, partial counties, air basins, drainages and urbanized areas). The coding is based upon the Code of Federal Regulations, Title 40 part 81, entitled "Designation of Areas for Air Quality Planning Purposes" (Federal Register Volume 56, Number 215, November 6, 1991). The Coverage used to make the map was created August 1994 by Teale Data Center; and was edited January 30, 1996, to reflect changes published in the Federal Register (FR 20238) on April 25, 1995, when Sacramento ozone nonattainment status changed from "Serious" to "Severe".

