



## SACOG Board of Directors

Item #15-10-10  
Consent

October 22, 2015

### Adoption of New SECAT Program Guidelines

**Issue:** Guidelines for the Sacramento Emergency Clean Air Transportation (SECAT) Program need to be updated to reflect changes in state regulations and funding opportunities for regional trucking fleets.

**Recommendation:** The Transportation Committee unanimously recommends that the Board adopt new 2015 SECAT Program guidelines as attached, to begin implementation on November 1, 2015.

**Committee Action/Discussion:** The Transportation Committee unanimously approved this item at its October 15 meeting, with questions about long-term planning for the program and the overall cost-effectiveness of various air quality reduction measures. SACOG staff noted that SECAT and other programs are sunsetting in 2018, and staff is preparing analysis over the next several months of recommendations on how to spend funding post 2018.

Since 2000, the SECAT Program has successfully funded over 2,400 clean heavy-duty diesel vehicles in the Sacramento Federal Ozone Non-Attainment Area (SFNA). SECAT funding has totaled over \$79 million while reducing about 2.9 tons per day of NO<sub>x</sub> emissions. Many fleets across the region have benefitted from the SECAT Program, including single-truck small businesses to large trucking fleets, with the majority of funding going to private-sector vehicle fleets.

The SECAT Program is implemented by the Sacramento Metropolitan Air Quality Management District (SMAQMD) with SACOG providing overall administration. The Program requires participants to meet certain usage requirements in exchange for receiving incentive funds. The Program is currently governed by SECAT Program Guidelines adopted in 2013 by the SACOG Board of Directors. The Guidelines have been amended periodically as needed, and were last amended by staff in June 2014.

In the past several years, the California Air Resources Board (CARB) has passed rules and regulations requiring truck fleets to reduce their emissions. Because these new regulations require truck owners to replace their vehicles over the next decade, the SECAT program needs to establish new criteria to ensure funding goes only to projects surplus to the state rules. This is a requirement when using federal Congestion Mitigation & Air Quality (CMAQ) funding for projects claimed under the SFNA Ozone State Implementation Plan (SIP).

To ensure surplus requirements are met under SECAT while expanding the funding opportunities for regional fleets, staff is recommending that the SACOG Board adopt 2015 SECAT Program Guidelines that include the following changes:

1. Allow heavy-duty vehicles with 2007-2009 engines to receive funding.
2. Increase the cost-effectiveness level from \$100,000/1-yr ton NOx to \$150,000/1-yr ton NOx reduction to account for changes in the heavy-duty inventory. This will allow the program to attract more participants while maintaining overall emission reduction targets.
3. Allow owners to retain the scrap value of existing vehicles when purchasing special Low NOx Vehicles.
4. Establish a new Heavy-Duty Scrappage Program which will allow participants to scrap their existing vehicles and receive payment without the purchase of a new vehicle.
5. Clarify fuel type designations, allowing all existing heavy-duty vehicles to be eligible for funding under SECAT, including non-diesel options.
6. Adds a school bus three-way fleet modernization option, allowing a school district to submit a higher annual mileage bus for funding consideration while also allowing the school district the option to submit a lower annual mileage bus for destruction.

Staff has determined that these changes will both ensure that SECAT continues to generate surplus emission reductions under the regional SIP while dramatically increasing the number of trucks eligible for funding. These changes should ensure the viability of the program for the next several years.

Approved by:

Mike McKeever  
Chief Executive Officer

MM:EJ:ds  
Attachment

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# 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 SFNA”*

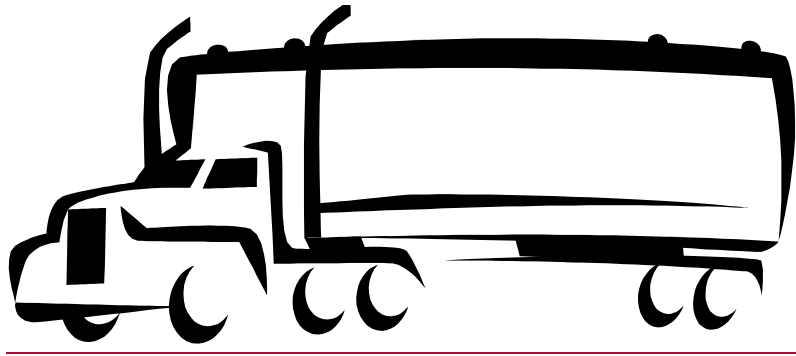
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**[April 2013 2015](#) REVISION**

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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 or SMAQMD) 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 Federal Nonattainment Area (SFNA).

In 2000, the SECAT Program received \$66 million to reduce emissions released from heavy-duty vehicles in the SFNA by providing incentives to offset the costs of purchasing lower-emission technologies and an additional \$4 million used by SACOG to help replace old diesel transit buses – totaling \$70 million in funding from the state Traffic Congestion Relief Fund (\$50 million) and the federal Congestion Mitigation and Air Quality (CMAQ) funding program (\$20 million). This program was originally created by California Assembly Bill (AB) 2511 to help assure that the SFNA would meet its commitments under the State Implementation Plan (SIP) for air quality attainment.

In 2008, the SECAT Program received an additional \$3.2 million in federal CMAQ funds with additional allocations on a yearly basis, 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;
- Scrappage of low mileage heavy-duty 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.



## 2.0 INTRODUCTION / BACKGROUND

### 2.1 Purpose of the SECAT Program

Although air quality in the Sacramento Federal Nonattainment Region (SFNA) for ozone has improved significantly over the last 10 years, we continue to experience violations of state and federal ozone standards. Most of the pollution is created by mobile sources, including heavy-duty vehicles. Over 30% of NOx emissions from mobile sources come from heavy-duty vehicles.

In 1994, the five air districts within the SFNA adopted a federally mandated State Implementation Plan (SIP), which required 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 approved a new 8-hour SIP in 2008, which will include requirements to reduce heavy-duty vehicle emissions. Currently, the SFNA has been classified as “severe” for the federal 8-hour ozone standard with an attainment date of 2019.

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 SFNA 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;
- [Scrappage of low mileage heavy-duty vehicles](#); Retrofitting of existing heavy-duty vehicles with aftertreatment systems to reduce NOx; and
- Implementing other verifiable, enforceable, and cost-effective technology for reducing NOx 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 \$70 million allocated under the 2000 SECAT Program has been fully allocated. In 2008, the newest phase of SECAT funding of \$3.2 million was awarded by SACOG’s Air Quality Funding Program. SECAT is expected to receive annual funding under the Congestion Mitigation and Air Quality (CMAQ) program through 2018. Applications for new projects will be accepted once funding becomes available.

## 2.3 Revisions and Updates to the SECAT Program

Staff continuously evaluates the implementation procedures, participant qualifications, and overall effectiveness of the SECAT Program in order to ensure that the SFNA 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) used by the Carl Moyer Program 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 previous 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 2010 or retrofitted to meet 2010 emission standards or better. 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 before the grant check is released to the Participant—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.~~

~~October 2007 revisions and updates to the SECAT Program included, eliminating engine repowers as an option, requiring that replacement trucks in the Fleet Modernization option comply with 2007 heavy-duty diesel vehicle emission standards, incorporating updates to the inspection, survey and audit procedures, and increasing funding by 10% for vehicles that meet the U.S. Environmental Protection Agency SmartWay truck certification standards.~~

~~The changes made to the SECAT Program in August 2010 revisions included: expanding the Fleet Modernization Option to include all heavy-duty diesel vehicles with 2002 or older engines, aligning the qualification requirements with ARB mobile source regulations, coordinating cost caps with other incentive programs, requiring energy efficient tires when available, incorporating vehicle leasing options, adding Enhanced Fleet Modernization, and streamlining several program areas consistent with program goals and objectives.~~

~~The changes made to the SECAT Program in the February 2013 revisions take into account drive engine hour usage when the vehicle is traveling on the road to a destination, in addition to PTO unit operation. This change more accurately reflects and improves overall emission reductions.~~

~~For the April 2013 Revision, the SECAT Program is implementing the following changes:~~

- ~~1. **Expand the Fleet Modernization Option to include all heavy-duty diesel vehicles with 1998-2006 engines only.** Due to regulation surplus issues, the SECAT program will not fund the~~



replacement of any heavy-duty diesel vehicles with an engine model year earlier than 1998, unless the applicant can show that their application generates surplus NOx emission reductions. Under the ARB Truck & Bus Regulation (TBR), surplus NOx emissions are only available for replacing 1998-2006 model year engines with 2007-compliant and newer engines. Expanding the model year range to include 2003-2006 engines will allow more fleets to participate in the SECAT program, providing additional opportunities for emission reductions.

- ~~2. Applicants will need to be compliant with all ARB mobile source regulations and all applicable air quality rules in their home air district to qualify for funding. Staff will require compliance with the TBR and other ARB regulations to qualify for SECAT Funding.~~
- ~~3. Implement new funding caps and emission benefit analyses for FEL engines. Consistent with other mobile source incentive programs, the SECAT Program will use vehicle funding caps.~~
- ~~4. All vocations will now have the option to use fuel consumption to qualify for SECAT funding. In lieu of standard mileage documentation, fleets may apply for funding using fuel consumption. All vocations may use this option. The SECAT program will use appropriate emission factors from the Carl Moyer Program guidelines to determine emission benefits. Hours will no longer be used to determine emission benefits.~~
- ~~5. SECAT Program reserves right to specify salvage facility. Staff reserves the right to determine which salvage facility receives the old truck.~~

For the 2015 Guidelines, the following changes are being implemented to enhance the SECAT Program effectiveness:

1. Allow heavy-duty vehicles with 2007-2009 engines to receive funding. All heavy-duty vehicles with 2009 and older model year engines are eligible for SECAT funding. Vehicles must meet all other applicable requirements.
2. Increase the cost effectiveness level to account for changes in the heavy-duty inventory. The TBR has mandated the replacement of older heavy-duty diesel vehicles which has dramatically reduced the number of projects eligible for funding. Staff has determined that the cost effectiveness limit of \$100,000/1-yr ton NOx can be increased to attract more projects while maintaining our ability to meet SIP reduction targets.
3. Allow owners to retain scrap value of existing vehicles when purchasing special Low NOx Vehicles. If a participant chooses to purchase a Low NOx Vehicle eligible for funding under the California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP), they can keep the scrap value of the existing vehicle to reduce the overall cost of the project.subject to prior approval.
4. Establish a new Heavy-Duty Scrapage Program. This new option will allow participants to scrap their existing vehicles and receive payment without the purchase of a new vehicle. Vehicles registered in the SFNA as Low Mileage can operate until 2020 and are eligible for reduced funding under this new program.
5. Clarify fuel type designations. All existing heavy-duty vehicles are eligible for funding under SECAT including non-diesel options.
6. New school bus three way fleet modernization option: Due to the unique nature of school bus fleets, the SECAT Program will allow a school district to submit a higher annual mileage bus for funding consideration while allowing the school district the option to submit a lower annual mileage bus for destruction.

## 2.4 The SFNA – Sacramento Federal Nonattainment Area

The SFNA is commonly known as the Sacramento Federal Nonattainment Area for ozone. This area is comprised of all or parts of five Air Districts – the Sacramento Metropolitan Air Quality Management District, Yolo-Solano Air Quality Management District, Placer County Air Pollution Control District, El Dorado County Air Pollution Control District, and Feather River Air Quality Management District –

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 ([National Ambient Air Quality Standards](#)) for ozone. The SFNA 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 2527.**

## 2.5 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 SFNA. The Transportation Committee of the SACOG Board of Directors plays a major role in developing and reviewing SECAT Program changes, and in making recommendations to the SACOG Board of Directors for adoption.

### 2.5.1 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.

### 2.5.2 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 SFNA. 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. The SMAQMD's 14-member Board of Directors is composed of all five Sacramento County Supervisors, four members of the Sacramento City Council, one member representing each of the Cities of Citrus Heights, Elk Grove, Folsom and Rancho Cordova, and one member representing the Cities of Galt and Isleton. The Board reviews and approves all rules, programs, policies and budgets.

SMAQMD represents the other air districts in the SFNA in implementing the SECAT Program, and each air district has played an important role in our ongoing efforts to improve air quality in the region.

### 2.5.3 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](http://WWW.4SECAT.COM)

**Program Staff:**

Kristian Damkier	(916) 874-4892	<a href="mailto:kdamkier@airquality.org">kdamkier@airquality.org</a>
Pat Robinson	(916) 874-6276	<a href="mailto:probinson@airquality.org">probinson@airquality.org</a>

Heather Taylor (916) 874-4889 htaylor@airquality.org  
Joanne Chan (916) 874-6267 jchan@airquality.org

Steffani Charkiewicz (916) 874-6361 scharkiewicz@airquality.org

**Program Coordinators:**

Mike Neuenburg (916) 874-1676 mneuenburg@airquality.org (Contract/Applications)  
~~Amy Roberts~~ Jaime Lemus (916) 874-~~6354~~ aroberts2911  
\_\_\_\_\_jlemus@airquality.org (Inspections/Audits)

**Program Supervisor:**

Mark Loutzenhiser (916) 874-4872 mloutzenhiser@airquality.org

**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. A more detailed discussion of which vehicles are eligible is located in Section 3.9.

##### 3.1.3 What type of vehicle is eligible?

Projects must reduce emissions from on-road heavy-duty vehicles operating in the SFNA. 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 for use on vehicles operating in California, 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 most recent SMAQMD mobile source incentive program application as available at <http://www.airquality.org>. The application can be also be downloaded from the SECAT website ([www.4secat.com](http://www.4secat.com)) 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.[3](#).

- Applicants are required to disclose the full legal name of their business entity at the time of application. This information will be checked against the California Secretary of State records (or the applicable state for interstate businesses) for corporations and other legal entities and the local County records offices to confirm fictitious business names, holding companies, and other legal entities.
- 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 (in general):
  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 in a timely fashion 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, if applicable, 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 auction facility or 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, if applicable.

### 3.2.2 Evaluation Procedures

Applications will be evaluated on a first come, first served basis. Completed applications will be evaluated according to the methodology used in the most current Carl Moyer Program Guidelines to determine the 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 goals.

For projects involving the replacement of a school bus, applicants have the option to choose a three way fleet modernization transaction. The SECAT Program will allow school districts to submit a higher annual mileage bus for funding consideration while allowing the school district the option to submit a lower

annual mileage bus for destruction. In lieu of destroying the higher annual mileage bus the higher mileage bus will be restricted to the annual mileage of the lower annual mileage bus submitted for destruction. In these cases, the total emission benefit of the project may be determined as follows:

School Bus A = The older school bus that will be scrapped

School Bus B = An existing school bus that will have a maximum annual mileage requirement

School Bus C = A new school bus that will have a minimum annual mileage requirement

1. Applicants will identify School Bus A and School Bus B in their application and a proposed School Bus C.
2. Staff will evaluate the documentation to determine the annual mileages of all school buses in the application.
3. The emission reduction calculation is based on the annual mileage of School Bus B similar to the methodology used in the Carl Moyer Program guidelines – subtracting School Bus C’s emission factor from School Bus B’s emission factor.
4. The applicant will commit to scrap School Bus A provided that it emits at least as much or more NOx emissions on a per mile basis than School Bus B.
5. The applicant accepts performance requirements that include a minimum annual mileage of School Bus C equal to the historic mileage of School Bus B. School Bus B will be limited to the historic mileage of School Bus A.

If an application meets the program guidelines, it will be approved by SMAQMD staff providing the project cost effectiveness does not exceed the limits in effect at the time of application, currently set at ~~\$100~~150,000 per 1 year 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 Applicant Compliance Checks

All applicants will be subject to verification of compliance with all local and state air quality rules, including compliance with air district rules and regulations based on the applicant’s business address. Applicants will be required to resolve all outstanding Notices of Violation or other citations with all agencies to receive incentive funding. Potential applicants are advised to check for violations with CARB and/or their local air district prior to applying for funding.

Vehicles must demonstrate compliance with the ARB Truck & Bus Regulation by submitting their Reporting Status Certificate from the Truck Regulations Upload and Compliance Reporting System (TRUCRS) database. All SECAT applicants must be registered in TRUCRS even if registration is not required for compliance.

In addition, the SECAT Program may reject applications from applicants that have previously received incentive funding from SECAT or any other incentive program if they are not in compliance with their contracted performance requirements. Applicants may also be required to reimburse the SMAQMD or SECAT any deficient balance prior to receiving additional incentive funding.

### 3.2.4 Funding Awards Based on Historic Usage Based on Miles Driven

FundingWith the exception of the Heavy-Duty Scrappage Option, 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 24 months must be provided prior to application approval. The old vehicle must have operated at least 3 months per 12 month period to qualify.

Fleets must submit vehicle-specific route data for at least 3 months within the last 24 month period to determine actual operation within the SFNA. This period must be an accurate representation of the typical routes driven by the vehicle. Staff will use online mapping software or other electronic means to verify percentage operation within the SFNA to qualify for SECAT funding.

### 3.2.5 Funding Awards Based on Historic Fuel Consumption

—The SECAT Program will allow applicants to use historic fuel consumption to qualify for funding. Applicants must provide fuel records that are tied to a specific vehicle. Fuel receipts are acceptable only if the receipts have a unique vehicle identifier associated with the vehicle listed in the application. Typical applications will require gallons of diesel fuel consumed per year. However, staff may also use other fuel types as necessary.

Staff will use per gallon emission factors from the Carl Moyer Program guidelines to determine emission benefits. Funding agreements will have a performance requirement in gallons, and vehicles choosing to use fuel consumption as a performance requirement are required to have an operational fuel meter installed on the vehicle at the time of Post Inspection. The fuel meter is required to have an external display showing cumulative fuel consumption in gallons without a reset option. SMAQMD staff will review the technical specifications for the fuel meter prior to approving its use.

The SECAT Program will no longer use hours of operation as a performance requirement in any new application. However, previously contracted projects executed prior to the adoption of these revised guidelines (April 2013) may be considered for hours of operation on a case-by-case basis by SMAQMD staff.

### 3.3 Program Requirements & Reimbursement Procedures

~~Following~~With the exception of the Heavy-Duty Scrapage Option, 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 SMAQMD 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~~typically requires a minimum five (5) year commitment to operate in the SFNA. 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. 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. Some projects may have a minimum operational commitment less than five years depending on special circumstances.
- Any emission reduction credits in the SFNA 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~~any time 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. All vehicles funded under the SECAT program cannot be used to comply with the Phase-In Option of the ARB Truck & Bus Regulations until the contract is completed or terminated.

- 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, SMAQMD must be listed as a Loss Payee and Additional Insured on the Participant's insurance policy. Participant will be required to maintain the following levels of insurance:
  - \$1,000,000 General Business Liability (commonly referred to as Umbrella) coverage
  - \$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 SFNA (see map on Page [2427](#)) 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 SFNA. 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 SFNA. Participants funded using fuel consumption must also log fuel consumed and total miles operated in the SFNA. SMAQMD may waive the usage log requirements if the applicant installs a SMAQMD approved Electronic Monitoring Unit. 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 SFNA 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 participant is required to inform SMAQMD of any changes in business name, address, phone number, or contact person within 10 business days of the change. Furthermore, the participant is required to inform the SMAQMD prior to any sale of funded equipment or change in ownership that would require a contract amendment. The participant 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 marked as final 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).



Participants must also submit a copy of either the final DMV Application for Registration of New Vehicle (REG 397) for new vehicles or the final DMV Report of Sale–Used Vehicle (REG 51) for used vehicles completed and signed by the dealer showing the lien holder information as reported for the sale. Payment will not be delivered to the participant until the final signed forms are received by the SMAQMD. Private party transactions not involving a dealer will require either a copy of the final vehicle title (if financed) or actual vehicle title (non-financed) to verify lien holder declarations prior to payment delivery.

Reimbursement may take 60-90 days from the time the reimbursement invoice is received by project staff. The SECAT Program is funded using federal CMAQ funding which requires processing and reimbursement by the California Department of Transportation and the Federal Highway Administration. **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, including all paperwork documenting actual operation within the SFNA, to verify that the applicant is complying with all contract terms. Any audits will be conducted at a reasonable time and with reasonable notice to the participant.

### 3.5 Participating Dealerships

Local vehicle, engine, auction, 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.

The SECAT Program allows Participating Dealerships to deliver the truck to the Participant while the vehicle title is processed. Our agreement requires Participating Dealerships to properly register the replacement vehicle with the correct lien holder and participant information. Only vehicles purchased through Participating Dealerships may be invoiced PRIOR to receiving official DMV paperwork showing the correct registration and lien information.

### 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 SFNA.

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 on 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 the SFNA and in one or more other adjoining air districts. 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 SFNA 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. **Participants are prohibited from receiving funding from other districts without written approval from the SECAT Program.**

### 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.

### 3.9 SECAT Interaction with ARB Rules & Regulations

The SECAT Program requires that applicants demonstrate that the purchase of the equipment on their application is not required for compliance with ARB Rules and Regulations. Applicants must submit a Reporting Status Certificate showing they registered their fleet with the ARB under the Truck & Bus Regulation (TBR) to prove compliance with the regulation. Applicants will be verified with the ARB and the local air district based on the physical address of the applicant for any outstanding air quality violations. All SECAT applicants must register their entire California fleet with the ARB prior to applying for funding, regardless of their compliance status.

Due to regulation surplus issues, the SECAT program will not fund the replacement of any heavy-duty diesel vehicles with an engine model year earlier than 1998, unless the vehicle can demonstrate surplus NOx emissions through December 31, 2018.

All vehicles funded under the SECAT Program cannot be used for compliance with the Phase-In Option under the TBR and must be registered as operating under a funding agreement. Replacement vehicles will be eligible for compliance when the full performance obligations are met. Vehicles funded under the SECAT Program may be used towards Model Year Compliance options.

Applicants may also be subject to other rules, including but not limited to the Transit Bus Fleet Rule, Solid Waste Collection Vehicle Rule, or the Public Fleet Vehicle ATCM. Staff will evaluate each application to determine whether the proposed project is surplus to these regulations.

### 3.10 SECAT Guideline Revision Process

SECAT Program Guidelines may be periodically updated by the Chief Executive Officer of SACOG and the Executive Director of SMAQMD to make minor administrative changes, in consultation with the agencies' Legal Counsels, to fully implement the intent of the program. Material changes to the Guidelines must be approved by the SACOG and SMAQMD Boards of Directors.

## 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. District reserves the right to specify the approved salvage yard for disposal. 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 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 has received the vehicle title (or a copy from the Finance/Lease 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 Newreplacement Vehicle showing all Registered and Legal Owners.
- Promptly submit to the District and the Program Participant invoices for all work performed by Dealership or its subcontractors.

#### 4.3 Auction Facility and Salvage Yard Requirements

Approved Auction Facilities and 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 Auction Facilities and Salvage Yards must be under a Master Agreement with the SECAT Program. All vehicles funded under the SECAT Program must be destroyed by an Approved Auction Facility or Salvage Yard, unless SMAQMD approves an alternative disposal method that ensures emission reductions.

To become an Approved Auction Facility or Salvage Yard, ~~salvage yards~~they 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.
- 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 Auction Facilities and Salvage Yards must agree to:

- Complete the vehicle destruction within 45 days of the date the salvage yard received the vehicle. Destruction must comply with the SECAT Program Policies and Guidelines and include: (1) cutting a non-symmetrical, jagged-edged hole in the engine block that is at least three inches in diameter, (2) making an additional cut from the engine hole down through the flange where the oil pan attaches, and (3) cutting the frame rails completely through in half between the cab and rear axle.
- Surrender the certificate of title to the DMV by submitting a *Report of Vehicle to be Dismantled* and register the vehicle as non-repairable – where the Vehicle Identification Number (VIN) can no longer be registered or titled. All forms required by DMV to render the vehicle as non-repairable must be filed by the owner or salvage operator. A DMV receipt, such as a DMV reconciliation report, or non-repairable certificate verifying the vehicle can no longer be registered or titled must be made available to District staff at the time of the salvage inspection.

#### 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 Auction Facilities or Salvage Yards. The participant is solely responsible for the quality and performance of the low emission vehicle and/or 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 [Auction Facilities or](#)  
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, auction facilities, and salvage yards, more than ~~4000~~1,000 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](http://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 have an engine model year of 1998-2006. Model years less than 1998 can be considered providing the vehicle can demonstrate surplus NOx emissions through December 31, 2018. Applicant must show operation of the old vehicle in the SFNA for the past 24 months at the time of application.~~
- Any heavier heavy-duty vehicle (GVWR over 26,000 lbs.) equipped with a diesel particulate filter (if diesel-fueled) with a 2009 or older model year engine
- All lighter heavy-duty vehicles (GVWR between 14,001-26,000 lbs.) with a 1999-2009 model year engine (if diesel-fueled) or 2009 or older model year engine
- Registered Work Trucks (Currently WT – Previously Construction CT) with 2005 & 2006 model year engines driving less than 20,000 miles per year
- Limited Mileage Agricultural Trucks (AG) with any engine driving less than 15,000 miles per year
- Heavy-duty vehicles compliant with other ARB regulations (e.g. Public Fleets, Solid Waste Collection Vehicles, Transit Fleet Rules) with a 2009 or older model year engine. Applicant must currently own the vehicle with a clear title and submit a copy of the clear title with their application
- Old vehicle must still be operating on at least a part-time or seasonal basis defined as being registered with the DMV for on-road operation at least 3 months per 12 month period
- Old vehicle must be turned ~~into the vehicle dealership for disposal~~ 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 the Applicant's Driver's License or other Photo ID Card

- Copy of old vehicle title showing no lien holders
- Vehicle Registration Information Record from the DMV showing vehicle registration history for the previous 24 months or last 8 vehicle registration transactions
- Usage verification for previous 24 months (i.e. maintenance records, fuel receipts, mileage log books, job invoices, etc.)
  - Usage verification must include vehicle-specific route data for at least 3 months in the past 24 months typical of normal vehicle operation
  - Fuel records must include a vehicle identifier
  - 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 vehicle insurance for previous 24 months
- Replacement vehicle specifications and cost quote including the following information:
  - Replacement vehicle GVWR
  - Emission Family Number or engine information sufficient to determine emissions
- School districts applying to scrap an existing school bus combined with accepting annual mileage limits on an additional school bus must submit the above information for all buses involved in the project.

### 5.3 Application Evaluation

SMAQMD will use its best efforts to evaluate applications in a timely manner. 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).

#### 5.45.4 Old Vehicle Disposal Requirements

##### 5.4.1 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, the vehicle must be in operational condition, 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, at minimum, 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
- Any parts that would hinder vehicle operation

The SECAT Program staff may approve special requests for retaining equipment such as tool boxes or specialty parts required for current work on a case-by-case basis and will only consider approving requests received in writing prior to purchasing the replacement vehicle. All vehicles must be delivered for destruction in the same operating condition as observed at Pre-Inspection.

### 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.

### 5.4.2 Old Vehicle Disposal Procedure

The SECAT Program has changed the method in which old trucks are destroyed and disposed for funding purposes. The Sacramento Metropolitan AQMD and Sacramento Area Council of Governments will now use Auction Yards to auction the old trucks and retain the scrap value of the equipment. In limited cases, the SECAT Program may authorize the participant to retain the scrap value of their equipment, but most participants will release their interest in the scrap value in exchange for receiving an incentive. This section describes the new process.

When the replacement truck is delivered and ready for inspection, the SECAT Participant will contact their Project Manager to request only the inspection of the replacement truck. The Participant will no longer deliver the old truck to the truck dealership. Once the replacement truck is inspected and approved for payment, an inspector will contact the Participant to confirm which auction facility or salvage yard will be used.

For trucks that require a body transfer, the Participant must wait to request a Post Inspection until the body is fully transferred to the replacement vehicle. If desired, the Participant or their designee can contact us to confirm if the replacement vehicle GVWR and Engine Family Number meet the contract requirements. Once the replacement vehicle is inspected and approved, an inspector will contact the Participant at a later date to coordinate the disposal of the old vehicle.

Inspectors will attempt to contact the Participant to coordinate the inspections using the email address and phone number provided in the application. Please contact the appropriate Project Manager if the contact information needs to be changed.



In all cases, the Participant remains the legal owner of the old vehicle until it is delivered to an approved auction facility or salvage yard at the direction of a Sacramento Metropolitan AQMD inspector. The SECAT Program will retain all proceeds from the sale of the destroyed old vehicle as a condition of receiving funding under the program unless the Participant purchases a replacement vehicle that qualifies for funding under the HVIP. When the Participant purchases a HVIP-qualifying vehicle, the approved Auction Yard will return the auction proceeds directly to the Participant with notification to the SMAQMD of the amount inclusive of any and all fees, unless the SECAT Program authorizes the Participant to receive the proceeds.

Inspectors will coordinate with approved entities to ensure that the old vehicles are destroyed according to the SECAT Program guidelines and that all proper paperwork is correctly filed.

## 5.5 Replacement Vehicle Requirements

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

- **All replacement vehicles are required to comply with heavy-duty ~~diesel~~ vehicle emission standards as defined below:**
  - Replacement vehicles equipped with a heavy-duty ~~diesel~~ engine certified to no more than 0.20 g/bhp-hr NOx under the FTP STD according to the most recent CARB Executive Order are defined as 0.20 g/bhp-hr NOx engines.
  - Replacement vehicles equipped with a heavy-duty ~~diesel~~ engine with a Family Emission Level (FEL) of 0.21 – 0.50 g/bhp-hr NOx under the FTP according to the most recent CARB Executive Order are defined as 0.50 g/bhp-hr NOx engines.
  - All replacement vehicles equipped with diesel engines with a GVWR greater than 33,000 lbs. must have an engine certified under the Heavy-Heavy Duty Diesel (HHDD) Intended Service Class according to the CARB Executive Order. Replacement vehicles with a GVWR of 14,001 – 33,000 lbs. may have either a Medium-Heavy Duty Diesel (MHDD) or HHDD Intended Service Class according to the CARB Executive Order.
  - All replacement vehicles must have an engine certified to the 0.01 g/bhp-hr PM FTP standard or less.
  
- **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:
  - Medium Heavy-Duty ~~Diesel~~ Vehicles are defined as all vehicles with a Gross Vehicle Weight Rating (GVWR) between 14,001 – 33,000 lbs.
  - Heavy Heavy-Duty ~~Diesel~~ Vehicles are defined as all vehicles with a GVWR over 33,000 lbs.
  - The replacement vehicle must be in the same weight class as the old vehicle.
  
- **Replacement Vehicle Mileage Limit:** The replacement vehicle at the time of purchase must have less than 500,000 miles registered on the odometer, to ensure the vehicle will operate during the contract term. A waiver may be considered on a case-by-case basis by District staff in events such as a vehicle being replaced due to an accident or specialty equipment like a mixer that may not drive many miles each year, and would seem likely to meet the full contractual term.

- **Truck Axle and Body Configuration Requirements:** The replacement vehicle may have a different axle and/or body configuration than the old vehicle as long as the replacement vehicle will have the same usage as the old vehicle through the contract term.
- **Body Funding:** The SECAT Program will not pay for body value. Additionally, an applicant may purchase a replacement vehicle equipped with a sleeper cab regardless of the configuration of the old vehicle; however, the SECAT Program will not pay for the cost of the sleeper cab.
- **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.
- **SECAT Program Decals:** Two SECAT Program decals will be placed on each side of the new vehicle by District staff. These decals must be easily viewed by the public and remain on the vehicle during the life of the contract.
- **Replacement Vehicle Delivery Deadline:** Participants are required to purchase and begin operating the replacement vehicle within 180 days of contract execution. Upon execution, participants must order the vehicle within 45 days to ensure compliance with this requirement. Proof of vehicle order, including build sheets and purchase orders, must be submitted to show a good faith effort to meet the deadline. Delays outside the participant's control (e.g. production delays, factory issues) will generally be approved as long as the vehicle was ordered as soon as possible after contract execution.
- **Vehicle Lease Option:** Applicants may choose to lease the replacement vehicle instead of a traditional cash or loan purchase. All leases must be from an approved Leasing Company under agreement with the SMAQMD. Vehicle leases must have a term greater than or equal to the total length of the SECAT agreement. Maximum funding is 50% of the total capitalized cost of the vehicle lease. Applicants are required to submit the lease documents to the SMAQMD for approval. **Applicants are required to meet the full contracted usage even if the vehicle is released after the lease expires.**
- **Pictures of the new vehicle:** District 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 (if available)
  - Vehicle Model year – tag inside cab
  - Manufacturer Gross Vehicular Weight Rating
  - Combined Gross Weight (DMV Sticker) – (if applicable)
  - Odometer and hour meter reading
  - Vehicle and engine date of manufacture
  - Vehicle license plate (if applicable)
  - 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



- o Electronic Monitoring Unit (if applicable)
- o Emission control device
- o Emission control device serial number (if applicable)Additional modifications / body
- o SECAT Program decals applied to the vehicle body
- o Drayage Truck Registry label (if applicable)
- o Other identification labels (if applicable)

## 5.6 Funding Requirements

Funding amounts will be based on the following criteria:

1. The SECAT Program’s cost-effectiveness limit in effect at the time of application; or
2. Maximum vehicle cost cap of:

Old & New GVWR (lbs)	NOx Certification	Maximum Funding
<b>14,001 – 33,000</b>	<b>0.20 or less (FTP STD)</b>	<b>\$40,000</b>
	<b>0.21 – 0.50 (FTP FEL)</b>	<b>\$30,000</b>
<b>33,001 &amp; above</b>	<b>0.20 or less (FTP STD)</b>	<b>\$60,000</b>
	<b>0.21 – 0.50 (FTP FEL)</b>	<b>\$50,000</b>

The SECAT Program will pay the lesser amount of either 1 or 2 towards the project, subject to a maximum funding of 50% of the total purchase price of the replacement vehicle including taxes and delivery fees. Leased vehicles are subject to a maximum funding of 50% of the total capitalized cost of the lease or the lesser amount of options 1 & 2 above. All funds issued by the SECAT Program must be applied towards the stated vehicle.

## 5.7 Legal Ownership of the Replacement Vehicle

The participant must own and operate the replacement vehicle or engine. The participant may obtain financing to assist in the purchase. The SECAT Program requires that the SMAQMD be added as a lien holder on the title of the replacement vehicle throughout the term of the agreement (usually five years). If the participant is not financing or leasing the replacement vehicle, then they must provide proof by submitting the replacement vehicle title via DMV and invoice documents listing the lien holder(s) on the replacement vehicle.

SMAQMD should be listed on the vehicle title as follows:

SMAQMD  
 777 12<sup>th</sup> Street, 3<sup>rd</sup> Floor  
 Sacramento, CA 95814

If the participant uses either a Finance Company or Leasing Company to provide their cost share to purchase the replacement vehicle, the Finance/Leasing Company must agree to list SMAQMD as a lien holder on the vehicle title. A copy of the replacement vehicle title must be provided to the SMAQMD ~~along with the invoice documents listing the lien holder(s).~~ Invoice documents listing the lien holder(s), along with a copy of the DMV paperwork submitted by the dealer showing the Registered and Legal Owner(s) of the vehicle will allow the SECAT Program to begin processing the reimbursement request providing program requirements are met. The SECAT Program will allow most types of vehicle financing and leasing, however, specific parties should contact the SMAQMD to determine if their program is eligible. A Memorandum of Understanding between the Finance/Leasing Company and the SMAQMD is available to define the relationship between the two parties.

When a vehicle is co-funded with SECAT and a Finance Company or Leasing Company, the lien must be listed as follows:

“Name of Finance/Leasing Company” & SMAQMD  
“Finance/Leasing Company Address”  
“Finance/Leasing Company City, State ZIP”

The lien must be written out so the “& SMAQMD” characters are visible as lien holders on the paper title. This may require the Finance/Leasing Company’s name be truncated or initials to allow room for the additional lien holders to be listed. An ampersand (&) or “and” must be used to indicate that all parties need to release the lien on the vehicle for all transactions.

## 5.8 Certificate of Existing Vehicle Acceptance and Salvage

The old vehicle must be turned in to a District-approved auction facility or salvage yard 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 (see section 5.4). 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 “Old Truck Delivery to Dismantler Certification” document that verifies the existing (old) truck has been picked up by an approved auction yard or salvage yard must be signed by salvage yard authorized personnel at the time the (old) vehicle is turned in. The signed certificate must be either hand-delivered or mailed to the District before payment for the new replacement vehicle will be released.

The auction yard or salvage yard has 45 days to destroy the truck by (1) cutting a non-symmetrical, jagged-edged hole in the engine block that is at least three inches in diameter, (2) making an additional cut from the engine hole down through the flange where the oil pan attaches, and (3) cutting the frame rails completely through in half between the cab and rear axle. District staff or a certified auction yard or salvage yard must take pictures of the destroyed vehicle within 60 days of delivery. The vehicle title must be registered with DMV as a non-repairable vehicle so that the VIN number can no longer be registered or titled for operation in California. A *Non-Repairable Vehicle Notice* or a *Report of Vehicle to be Dismantled* must be filed by the owner, auction yard, or salvage yard. A DMV receipt, such as a DMV reconciliation report, or non-repairable certificate verifying the vehicle can no longer be registered or titled must be made available to District staff at the time of the salvage inspection. Pictures of the vehicle must include the following:

- Front angle of vehicle
- Vehicle Identification Number (VIN)
- License plate
- Engine
- Engine serial number on tag or stamped on block
- Hole in engine
- Frame rails cut into two pieces

### 5.409 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 typically 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.

- The participant must agree to operate the replacement vehicle for a minimum of typically five (5) years in the SFNA meeting a minimum performance requirement equal to the amount listed in the contract. This requirement may be met with either mileage or fuel depending on the vehicle type and configuration.

- The participant is required to meet both an annual commitment and a lifetime commitment. Because of this, the SECAT Program recommends using a low estimate of vehicle operation when applying for funding.
- The participant cannot sell or otherwise encumber the replacement vehicle without written authorization from the SECAT Program.
- The replacement vehicle may operate outside the SFNA and outside the State of California; however, the participant is responsible for meeting their minimum annual SFNA performance.
- If there is a significant event for the participant – including, but not limited to bankruptcy, sale of business, or contact information change – the participant must notify the SECAT Program.
- 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.

- If the applicant chooses the option to reduce annual mileage on existing school buses in their fleet in addition to scrapping school buses, their performance requirements will include both a maximum annual mileage for school buses identified in their application as able to accept a limited annual mileage equal to the annual mileage of the scrap school buses and a minimum annual mileage for the replacement school buses equal to the historic annual mileage of the proposed limited mileage school buses subject to the maximum annual mileage requirement described in this paragraph.

## **6.0 HEAVY-DUTY SCRAPPAGE PROGRAM POLICIES AND GUIDELINES**

### **6.1 Background**

The SECAT Program is creating a Heavy-Duty Scrapage Program (HDSP) to expand the ability to retire older vehicles in the SFNA for owners who would like to dispose of their old vehicles without purchasing a new vehicle under the Fleet Modernization program. In practice, many fleets retain and operate a small number of peaker or backup vehicles that are allowed to operate in California under the Low Use Exemption in the TBR.

These older vehicles can operate without modification up to 5,000 miles per year through 2020. Fleets are able to transfer the VMT of these low mileage vehicles to additional new vehicles, or hire additional trucks if needed. Because of this, staff recommended the creation of the HDSP to increase potential NOx reductions in the SFNA.

### **6.2 Determination of Emission Benefits from Scrapage**

Unlike other SECAT options, the HDSP does not require the purchase of a replacement vehicle. Fleets that scrap their fully operational vehicles ahead of regulatory requirements will replace the VMT of the old low mileage vehicle with other vehicles already compliant with the TBR – by either purchasing newer vehicles already compliant with the TBR or by contracting with external fleet vehicles to operate the miles lost from the scrapped truck.

The TBR allows owners of heavy-duty diesel vehicles to register their trucks as a low use vehicle exempt from the upgrade requirements of the regulation. This allows the owner to drive the truck in California up to 5,000 miles per year through January 1, 2020. Fleets receive extra compliance credit when a vehicle is designated as Retired or Planned Non-Operation for vehicles that are either scheduled for disposal or not needed during the year. The action of registering a vehicle under the low use exemption indicates that the owner intends to continue to operate the vehicle.

The EMFAC model predicts the population and VMT of heavy-duty vehicles in the SFNA and is used to determine emission targets in the SIP. Incentive programs typically calculate emission reductions based on historic and actual vehicle activity, but the HDSP cannot use this calculation because the expected replacement vehicle is a fleet-average vehicle instead of a new vehicle. This requires the HDSP to use the default fleet-average population used by EMFAC to determine emission reductions in lieu of actual vehicle data. Low use vehicles have a potential to emit based on the maximum annual mileage of 5,000 miles per year.

For analysis under SECAT, staff assumes that the existing vehicle has annual mileage equal to 5,000 miles per year for that specific vehicle class and model year. The analysis uses 2018 data for use in claiming reductions occurring in our SIP attainment year. The replacement vehicle has the same annual mileage as the existing low use vehicle, but uses a fleet-average emission rate – which is subtracted from the existing vehicle emission rate – to determine annual emission reductions. This calculation is detailed below:

$$\text{Reduction} = (5,000 \text{ mi/yr}) * [ (2018 \text{ existing vehicle g/mi}) - (2018 \text{ fleet average vehicle g/mi}) ]$$

EMFAC activity data is assigned to the county in which the vehicle is registered with the DMV. This requires SECAT to only fund vehicles under the HDSP that have been registered in the SFNA within the previous 24 months. Vehicles registered outside the SFNA are not eligible for the HDSP.

Vehicles with annual mileage above 5,000 miles per year can be approved by staff on a case-by-case basis, and will need to submit actual vehicle activity for consideration. Funding amounts for vehicles in these cases will be reduced by at least \$20,000 from what the truck would qualify if it were submitted as a Fleet Modernization project.

### 6.3 Program Requirements

#### 6.3.1 Vehicle Eligibility Requirements

1. The existing vehicle must be a heavy-duty on-road vehicle with a Gross Vehicle Weight Rating (GVWR) over 14,000 lbs. equipped with a diesel engine.
2. The existing vehicle must be registered with the Air Resources Board as a Low Use Exempt vehicle in the applicant's fleet.
3. The existing vehicle must be currently registered with the DMV as an operating vehicle and must have been registered for use at least 3 months in each of the previous 2 years.
4. The existing vehicle must be capable of driving to an approved auction facility or salvage yard under its own power.
5. The existing vehicle must be currently registered in the SFNA and show registration in the SFNA over the previous 2 years with a minimum of 3 months registration in each of the previous 12 month periods; vehicles registered in the International Registration Plan are not eligible for the HDSP.

#### 6.3.2 Application Requirements

Applications for funding under the HDSP must include the following:

1. Completed and signed SECAT Application
2. County of Sacramento Payee Data Record
3. Previous 24 months of vehicle registration records
4. Copy of existing vehicle title with no lien holders
5. Copy of current ARB Certificate of Compliance with the Truck & Bus Regulation

Applications will be processed and reviewed as a normal SECAT application. If approved, the applicant will receive a voucher from the SMAQMD. This voucher must accompany the old vehicle for its delivery to an approved salvage yard or auction facility. The old vehicle must typically be delivered to the salvage yard or auction facility within 30 days; in some cases the voucher may have a different deadline. The voucher includes instructions on disposal instructions.

SMAQMD inspectors will confirm both the operational condition and vehicle information after the vehicle is delivered to an approved salvage yard or auction facility. If the vehicle is not in operational condition or the vehicle does not match the information on the voucher, the participant will not receive funding. Vehicles that become inoperable between application and delivery to an approved salvage yard or auction facility must be fully repaired and driven under their own power to receive funding.

The SECAT Program encourages applicants to deliver the trucks as soon as possible after receipt of the HDSP voucher to avoid problems with payment.

#### 6.3.3 Payment

The SECAT Program will pay the owner of the approved existing vehicle a fixed amount based on the following table:

<b>Existing Vehicle Type</b>	<b>2002 &amp; Older Engine Model Year</b>
<u>Low Use Medium Heavy-Duty Diesel Vehicle (14,001 – 33,000 lbs. GVWR)</u>	<u>\$8,000</u>
<u>Low Use Heavy Heavy-Duty Diesel Vehicle (Over 33,000 lbs. GVWR)</u>	<u>\$12,000</u>

Payment will be issued to the participant with a check mailed to the address on the County of Sacramento Payee Data Record. Funds under the HDSP will be reported to the Internal Revenue Service and may be taxable. Although SECAT staff will attempt to process payment as soon as possible, final payment may take up to 90 days after delivery of the vehicle to an approved salvage yard or auction facility. Multiple vehicles submitted by a single business entity may receive a single check if the vehicles are processed within a short timeframe.

Although staff cannot predict the actual number and type of vehicles that will be destroyed under this program, the estimated cost effectiveness of the HDSP is approximately \$139,000/1-yr ton NOx based on the EMFAC inventory of vehicles eligible for funding.

#### 6.3.4 Program Funding

The HDSP is a pilot program and will be allocated a limited amount of funding based on expected demand. Funding may not be available for the HDSP even when the SECAT Program is soliciting applications for other program options. Please contact staff to determine if funding is available.

Vehicles equipped with a diesel particulate filter retrofit may be eligible for significantly higher SECAT funding under the Fleet Modernization program. Please contact staff to determine if this is a better option for your vehicle.



# Sacramento Federal Nonattainment Area (Ozone)

