

Off Road Equipment Replacement Program
Agreement between Equipment Dealer and Feather River AQMD

This agreement (Agreement) is between the Feather River Air Quality Management District (District) and _____ (Dealership).

1.0 Recitals

- 1.1 The entire District is classified as a state ozone nonattainment area as well as South Sutter County is classified as a federal ozone nonattainment area due to the level of ozone in the ambient air exceeds the state and federal health-based standards.
- 1.2 Ozone is formed by the interaction of Nitrogen Oxides (NO_x) and other precursor pollutants in the atmosphere. The majority of NO_x in the District is generated from vehicle, including off road equipment. In order to bring the District into attainment with the state and federal standards, we must reduce the levels of NO_x emitted by off road equipment.
- 1.3 The California Air Resources Board (ARB) has developed several programs to help the District achieve the state and federal ozone standards. One of those programs is the Off Road Equipment Replacement Program (the Program). This Agreement is one step in implementing that Program.
- 1.4 The objective of the Program is to accelerate the retirement of old high polluting off road equipment through financial incentives that will encourage the voluntary replacement of uncontrolled equipment with new equipment that uses low emission technology.
- 1.5 Under the Program, the District will provide financial incentives to equipment owners that agree to destroy their old equipment and then replace it with new, low emission equipment.
- 1.6 To ensure that actual reductions result from the Program, it is essential:
 - (i) that the old equipment is inspected to verify that it qualifies for the Program
 - (ii) that the old equipment is destroyed properly to permanently eliminate its potential for emissions
 - (iii) that a digital hour meter is installed in the new equipment to measure future actual hours of operation within the District, and
 - (iv) that particulate emission control devices be installed if they are available, safe, and cost effective
- 1.7 The Dealership is in the business of selling new or used off road equipment.
- 1.8 The Dealership has reviewed and is familiar with the District's Off Road Equipment Replacement Program.
- 1.9 The Dealership understands that the purpose of the Program, and this Agreement, is to help the District achieve clean air standards as required by state and federal law.
- 1.10 The Dealership wishes to enter into this Agreement so that it will be eligible to market its equipment and services to program participants.

1.11 The District has not reviewed the Dealership's operations, or reached any conclusion on the quality of the Dealership's operation. The District is permitting Dealership to enter into this Agreement solely because Dealership has represented to the District that it is aware of the Program goals, and agrees to abide by the Program requirements.

2.0 Conditions

The parties agree that:

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

- (i) **"Program Participant"** means the individual or business entity that is surrendering its off road equipment and receiving funds to aid in the purchase of new off road equipment.
- (ii) **"Old or Existing Equipment"** means the off road equipment that the Program Participant surrenders for destruction.
- (iii) **"Replacement Equipment"** means the new equipment purchased by the Program Participant. Used equipment meeting the most recent Model Year CA emission standard qualifies as new equipment if sold by the dealer with the required warranties and documentation of how the price was depreciated to account for the used condition and the number of operating hours of accumulated since new.

2.2 **Payment:** The Dealership will not be paid or otherwise reimbursed directly by the District. Rather, the benefit received by Dealership under this Agreement is the opportunity to participate in the Program, which carries the corresponding opportunity to profit through the sale of equipment to be purchased by Program Participants. The issuance of two-party checks made payable to both the Dealer and the Program Participant is authorized if both parties agree to such payments.

2.3 **Dealership Qualifications:** Dealership warrants that it meets the following minimum qualifications for participation in the Program, and will continue to meet these qualifications throughout its participation in the Program. Dealership may petition the District to waive or modify any of these minimum qualifications.

- (i) Owner has had a valid California business license for a minimum of the last two years.
- (ii) A minimum of one (1) employee has been trained by the District regarding the Program.
- (iii) Owner agrees to allow the District to inspect equipment covered under this agreement during normal business hours.

2.4 **Dealer Requirements:** Unless otherwise indicated, the Dealer must meet each requirement before the District will be obligated to release the incentive funds to the Program Participant. The Dealer agrees to do the following:

- (1) Provide basic information to participants about the equipment replacement program. The District will provide training to dealership staff.
- (2) Help the participants correctly complete the application. It is important to make sure that all information is filled out correctly and that the participant understands the program and the meaning of the Grant Agreement. Information necessary for preliminary evaluation of the project includes, but is not limited to the following:
 - a) Description and specifications of the old equipment including year, model, power rating, a list of included attachments and accessories, serial numbers of the equipment and

engine, operating condition, and credible records of the previous two years of ownership and amount of usage in Yuba and Sutter Counties.

b) Description and specifications of the proposed new equipment including year, model, power rating, ARB engine Family Number and Executive Order number, a list of included attachments and accessories, price quote, warrantee information, and financing information- if financed.

c) If a verified diesel emission control system (VDECS) is feasible, specifications of the VDECS to be installed on the equipment including: make, model, a price quote that will be valid at the time the VDECS is installed, warrantee information, and identification of the installer. If a VDECS is not feasible, letter(s) from each VDECS manufacturer stating that their VDECS is not feasible for the particular equipment.

The District will provide all necessary forms.

(3) The Dealer will schedule a time and place for the District to pre-inspect and to verify the identity, operation, and condition the old equipment.

(4) After the Grant Agreement is executed, the Dealer will order the new equipment, have it delivered to the dealership and, if feasible, arrange for installation of the VDECS.

(5) Before delivering the new equipment to the Grantee, the Dealer will schedule a time and place for the District to inspect and verify the identity, operation, and condition the new equipment and VDECS, if installed. The Dealer may not deliver the equipment to the participant until the District inspects the new equipment and verifies that it is eligible for funding.

(6) No more than 30 days after delivering the equipment to the Grantee, the Dealer will take custody of the old equipment and make it available for inspection by the District. Upon receipt of itemized invoices from the Dealer, pre-inspection of the old equipment and post-inspection of the new equipment have been completed, and after confirming that the Dealer has custody of the old equipment, the District will pay 50% of the grant funding to the Grantee. The District will arrange for two-party checks made payable to both the Dealer and the Program Participant if both parties agree to such payments.

(7) No more than 30 days after custody of the old equipment, the Dealer will permanently destroy and render useless or cause to be destroyed permanently or rendered useless the engine and equipment chassis. Critical mating surfaces in the engine cylinder block and cooling or lubricant passages shall be breached, by burning, cutting or breaking. The chassis shall be cut in such a manner as to make it permanently unusable and not repairable. The dealer shall make the destroyed equipment available for District inspection. Upon receipt of itemized invoices from the Dealer, and after confirming that the destruction has been done properly, the District will pay the remaining 50% of the grant funding.

(8) The dealer will use only OEM certified parts for any repairs to any engine or equipment covered under the District Program.

2.5 Cancellation: The District may cancel this agreement if the Dealer fails to comply with its requirements. Any Dealer whose agreement was cancelled and is re-submitting a new signed agreement must include with the submittal a written description of the actions that will be taken to eliminate the cause of the cancellation of the previous agreement.

2.6 **Amendments:** No alteration or variation of the terms of this Agreement shall be valid unless made in writing and signed by all parties.

2.7 **Term:** This Agreement shall begin upon execution by both parties and terminate on December 31, 2018.

2.8 This Agreement consists of:

- This Agreement
- Exhibit A, FRAQMD Year 11 Off Road Equipment Replacement Program
- Exhibit B, CARB Standard “Off Road Equipment Replacement Application”

2.9 Correspondence between the District and the Dealership should be addressed to the following:

To District:

Carl Moyer Program Representative
Feather River AQMD
1007 Live Oak Blvd Suite B-3
Yuba City, CA 95991
Phone: (530) 634-7659
Fax: (530) 634-7660

To Dealership:

Contact Name
Business Name
Business Address
City, State, Zip
Phone: Phone
Fax: Fax

The address and/or contacts may be changed by written notice to the other party. Such written notice may be given by mail, email, or fax.

2.10 The undersigned representative of Dealership affirmatively states that he or she has legal authority to bind Dealership to the terms of this Agreement.

Approved by Dealer

Name, Title

Date: _____

Approved by the Feather River Air Quality Management District

David A. Valler, Jr, Air Pollution Control Officer

Date: _____

Approved as to legal form

District Legal Counsel

Date: _____