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# Sacramento Emergency Clean Air Transportation Program Guidelines



SACRAMENTO METROPOLITAN



Prepared by the  
Sac Metro Air District  
in partnership with the  
Sacramento Area  
Council of Governments

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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 Sac Metro Air District) and the Sacramento Area Council of Governments (SACOG). The program's goal is to promote zero and near-zero emission on-road heavy-duty vehicles operating in the SACOG region.

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 Sacramento Federal Nonattainment Area (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 that benefit the Sacramento region through improved air quality. Projects will need to demonstrate reductions in oxides of nitrogen (NOx) emissions, but the program will also result in additional greenhouse gas reductions to meet regional, state, and federal targets.

The Sac Metro Air District now has program and fiscal control of the SECAT program under oversight from SACOG. Agreements funded by SACOG under previous guidelines are now fully administered by the Sac Metro Air District with most covered by the provisions of these guidelines as outlined in the memorandum of agreement between the agencies. Funding will now be allocated to the six counties in the SACOG region based on the population of each county.

The SECAT Program will now encourage the displacement of conventional trucks and buses with zero and near-zero emission heavy-duty vehicles. This will allow regional fleets to better leverage state and federal grants and promote the technology in the region. As part of other efforts with the Sac Metro Air District and SACOG, these vehicles will play a key role in meeting regional commitments to greenhouse gas and community air protection goals.



## 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. Although no longer part of the SIP, SECAT now continues as a regional effort to promote clean vehicle technology in the SACOG region by funding zero and near-zero emission heavy-duty vehicles. Beginning in June 2023, SECAT will include light-duty zero and near-zero emission vehicles to further regional efforts.

This document sets out the policies and guidelines of the SECAT Program. The SECAT Program now focuses on zero emission heavy and light-duty vehicle purchases and replacement of existing vehicles with near-zero emission combustion vehicles to help truck owners and fleet managers reduce emissions according to federal Congestion Mitigation and Air Quality (CMAQ) guidelines.

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, 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 2017, SECAT received \$15 million in the 2018-20 MTIP using funding under the Congestion Mitigation and Air Quality (CMAQ).

The Sac Metro Air District now has fiscal control of the SECAT Program and will reimburse participants directly and manage funding through the State of California and United States Department of Transportation.

## 2.3 Revisions and Updates to the SECAT Program

The following changes are being implemented to enhance the SECAT Program effectiveness:

1. **Streamline qualification procedures.** Applications will now be evaluated to determine if each vehicle meets minimum operation in the SACOG region. Vehicles will receive full funding if staff determines the vehicle meets these minimums.
2. **Eliminate annual usage requirements.** Participants no longer need to meet minimum annual usage requirements.
3. **Incorporate Federal Buy America Waiver Requirements.** All replacement vehicles and other projects must comply with federal Buy America steel requirements under the CMAQ guidelines. Vehicles with a final point of assembly in the United States of America comply with this requirement under waiver.
4. **Include zero and near zero emission mobility services.** Applications for light duty mobility services such as carshare and shuttles will be evaluated on a case-by-case basis to determine if they meet the standards for operation in the SACOG region, as defined by CMAQ guidelines outlined in the Operating Assistance section of these guidelines.

## 2.4 Counties in the SACOG Region

The SACOG Region consists of six counties. Funding will be awarded to vehicles registered in the Counties of El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba.

## 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 (Sac Metro Air District). The goal of the program is to reduce harmful emissions from on-road heavy-duty vehicles in the region. 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, 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 (Sac Metro Air District)

Sac Metro Air District 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 Sacramento County. Sac Metro Air District 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 Sac Metro Air District'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.

Sac Metro Air District represents the other air districts in the SACOG region 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

Sac Metro Air District staff is available to answer any questions regarding the SECAT Program. For more information on the SECAT Program or to request an electronic application, go to the website listed below.

**Website:** [WWW.AIRQUALITY.ORG](http://WWW.AIRQUALITY.ORG)



### 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 located in the SACOG region may apply to receive SECAT grant funds.

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

Any applicant applying for funds for purchases 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 vehicles operating in the SACOG region. On-road motor vehicles are defined as “self-propelled motor vehicles that are manufactured for or designed primarily for use on public roads.”

##### 3.1.4 What technologies are eligible to participate?

This program is designed to promote zero and near-zero emission vehicles in the region. These technologies include battery electric school buses, hydrogen fuel cell transit buses, or other advanced technology vehicles.

#### 3.2 Application Instructions & Evaluation Procedures

##### 3.2.1 Application Instructions

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

- Fill out and electronic sign the most recent Sac Metro Air District mobile source incentive program application as available at <http://www.airquality.org/>.
- 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 purchase.
- 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 Sac Metro Air District for evaluation
2. Applications will be assigned to a Project Manager for review
3. If funding is available, Sac Metro Air District 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 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 (if applicable)
8. Upon receipt of all signed invoices, inspections, and tax information, the Project Manager will submit payment for the amount authorized in the funding agreement
9. 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

Sac Metro Air District staff will determine when to begin accepting applications for funding based on the availability of funding and other resources needed to run the program. No later than 30 days before opening an application period, the Sac Metro Air District will post notice of how much funding will be available and whether funding will be reserved for specific project vehicle types, technologies, ownership categories, or other criteria. This will be done to best leverage local funding with other sources to help advance low carbon transportation in the region. Funding may be reserved for projects that help the Sac Metro Air District meet its goals under AB 617 and regional climate change emission reduction programs.

All applications will generally be reviewed and approved on a first-come, first served basis according to the availability of funding and the criteria for each application period, although Sac Metro Air District reserves the right to accelerate approval of particular applications if it determines that early approval will benefit air quality goals.

#### 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.

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 Sac Metro Air District or SECAT any deficient balance prior to receiving additional incentive funding.



### 3.2.4 Funding Reserve Procedures

The SECAT Program now reserves funding based on the population of each county in the SACOG Region. This is done to ensure that each region has an equal opportunity to pursue zero and near-zero emission vehicles. The regional breakdown is shown below:

County	2018 Est. Population <sup>1</sup>	% of SACOG
El Dorado	188,399	8%
Placer	389,532	16%
Sacramento	1,529,501	61%
Sutter	97,238	4%
Yolo	221,270	9%
Yuba	74,727	3%

For each application period, Sac Metro Air District staff will allocate available funding to each county based on the population ratios listed above. This allocation will be rounded to provide an even amount of vehicles in each county as much as possible. For example, if the application period has \$1,000,000 in total funding, Yolo County would be reserved \$90,000 based on population, however staff would likely reserve \$100,000 to ensure at least one zero emission vehicle could be funded in that county. After an open application period of at least 180 days, staff may reallocate zero emission vehicle funding to other counties based on actual application demand to spend the remaining funding.

Applications for zero emission vehicles will use the applicant's physical address to determine the county.

Staff expects a high level of demand for funding for zero emission vehicles in all counties. All zero emission vehicles will be eligible for funding in each county to allow for local demand. The Sac Metro Air District would like to encourage as much participation as soon as possible to maximize the amount of state cap & trade match funding available to regional fleets. Sac Metro Air District staff will work with the regional air districts and other interested parties to ensure that local needs are met with SECAT funding.

### 3.3 Participant Requirements & Reimbursement Procedures

Following application approval, each participant will be required to enter into a funding agreement with the Sac Metro Air District. 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 Sac Metro Air District staff for further explanations.

The following is a brief summary of the SECAT requirements.

#### 3.3.1 Grant Agreement Requirements

- Participation in the SECAT Program requires a minimum three (3) year commitment to register and operate the replacement vehicle in the SACOG region. Funding for the project will be issued at the beginning of this 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 Sac Metro Air District 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 usage commitment depending on special circumstances.

<sup>1</sup> Estimated January 1, 2018 Populations from California Department of Finance E-1 Estimates – May 2018

- Any emission reduction credits 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 any time as a result of the project. The applicant will also agree not to apply to Sac Metro Air District, 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 Sac Metro Air District prior to execution of the agreement. Additionally, Sac Metro Air District 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
- Participants will be required to document actual usage for each year of the agreement term. Participants will be required to return annual usage reports at least once a year. Projects that fail to 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. Sac Metro Air District may waive the usage log requirements if the applicant installs a Sac Metro Air District approved Electronic Monitoring Unit. A log must be kept of the maintenance and down time throughout the contract period.
- Sac Metro Air District at its option may require the installation of an Electronic Monitoring Unit capable of tracking the operation of the vehicle and transmitting the data to Sac Metro Air District. 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 Sac Metro Air District 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 Sac Metro Air District 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 Sac Metro Air District of any problems or issues resulting in the failure to meet the performance requirements as soon as possible.

### 3.3.2 Reimbursement Procedures

The SECAT Program operates on a reimbursement basis. Participants must pay the full cost of the project up front before requesting reimbursement from SECAT. 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 Sac Metro Air District. The participant must submit a W-9 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.

When combined with other grants, incentives, vouchers, or other direct public investments, the SECAT funding may be reduced to ensure that the program does not pay more than the full purchase price of each vehicle. Accordingly, staff may reduce the final reimbursement amount based on this review.

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 Sac Metro Air District. 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. Participants who do not submit all requested invoice paperwork in a timely manner may have their agreements terminated resulting in no reimbursement for the replacement vehicle.

Reimbursement may take 60-90 days from the time the reimbursement invoice is received by project staff. Reimbursement checks will only be issued to the sole proprietor or other legal entity under agreement with the program. 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 Sac Metro Air District (or both) may conduct an audit of the participant's operations, including all paperwork documenting actual operation, 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 Vehicle Dealerships

Local vehicle, engine, auction, and salvage yard dealerships play a vital role in the operation and success of the SECAT Program. The SECAT Program no longer approves specific dealerships, but interested Dealerships are encouraged to be trained by the staff of the SECAT Program. This will assist 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.

The SECAT Program allows Dealerships to deliver the truck to the Participant while the vehicle title is processed. This arrangement requires Dealerships to properly register the replacement vehicle with the correct lien holder and participant information. Final payment is made directly to the vehicle owner, so dealerships are encouraged to complete the vehicle transaction as soon as possible.

### 3.6 Community Air Protection

SACOG and the Sac Metro Air District are committed to the goals of Community Air Protection under AB 617, SB 535, and AB 1550. CMAQ does not require that SECAT funds be spent in areas identified under these community programs, however Sac Metro Air District does encourage applicants in those regions to apply for funding. Promoting zero and near-zero emission technologies in disadvantaged communities, low income communities, and communities experiencing high levels of local air pollutants. SECAT is designed to provide assistance to fleets in disadvantaged communities by combining state grants to help promote the technology.

### 3.7 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.

### 3.8 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.

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.

### 3.9 SECAT Guideline Revision Process

SECAT Program Guidelines may be periodically updated by the Chief Executive Officer of SACOG and the Executive Director of Sac Metro Air District 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 Sac Metro Air District Boards of Directors.



## 4.0 NEW VEHICLE PURCHASING PROGRAM POLICIES AND GUIDELINES

### 4.1 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 vehicle emission standards as defined below:**
  - All vehicles with zero or near-zero tailpipe emissions including battery-electric and fuel cell powertrains.
- **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 Sac Metro Air District. Vehicle leases must have a term greater than or equal to the total length of the SECAT agreement. Applicants are required to submit the lease documents to the Sac Metro Air District for approval. The SECAT Program will not pay more than the total cost of the lease including all other sources of funding. **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)
  - Emission certification – tag on engine
  - Electronic Monitoring Unit (if applicable)
  - Additional modifications/body
  - SECAT Program decals applied to the vehicle body
  - Drayage Truck Registry label (if applicable)
  - Other identification labels (if applicable)

### 4.2 Funding Amounts

The SECAT Program will reimburse the participant for eligible costs according to the following table:

Vehicle Type	Minimum Annual Mileage	Emission & Fuel	Funding Amount
All Vehicles	Exempt	Zero Emission Vehicle	\$100,000

Actual reimbursement may be lower in cases where the SECAT award would exceed the participant’s total cost including other funding programs including, but not limited to, the HVIP. Staff will review each invoice to determine maximum funding which may be lower than the above listed amounts.

#### 4.3 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 Sac Metro Air District be added as a lien holder on the title of the replacement vehicle throughout the term of the agreement. 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.

Sac Metro Air District (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 Sac Metro Air District as a lien holder on the vehicle title. A copy of the replacement vehicle title must be provided to the Sac Metro Air District. 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 Sac Metro Air District to determine if their program is eligible. A Memorandum of Understanding between the Finance/Leasing Company and the Sac Metro Air District 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.

#### 4.4 Performance Requirements and Contractual Obligations of the Participant

All participants in the SECAT Program will be required to agree to the following terms. 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 vehicle for three (3) years in the SACOG region.
- The participant cannot sell or otherwise encumber the vehicle without written authorization from the SECAT Program.



- The vehicle may operate outside the SACOG region and outside the State of California; however, the participant is responsible for maximizing SACOG region usage as much as feasible.
- If staff determines that the vehicle has not been operated in the SACOG region or has been inoperable for any year under the agreement, the SMAQMD may terminate the agreement and demand reimbursement of funds.
- Vehicles may be transferred to another party if the new owner is willing to assume the funding agreement and operate the vehicle in a similar manner. Participants may also buy out their contract with a pro-rated reimbursement.
- 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 vehicle is involved in an accident, the applicant will need to report the accident to program staff within 10 business days. The applicant will be required to provide a police report of the accident, a letter from the insurance company regarding the accident, and any additional information requested by SMAQMD. Down time due to an accident will be credited toward the performance requirements as long as the information is reported as requested and the participant repairs the vehicle as soon as possible. The participant will be required to repair the vehicle and return it to operation if possible. If the vehicle is totaled, SMAQMD may demand repayment of a pro-rated portion of the incentive funds.

## 5.0 OPERATING ASSISTANCE

There are several general conditions for operating assistance eligibility under the CMAQ program (see the November 2013 CMAQ Program Interim Guidance for a complete discussion on CMAQ project eligibility requirements):

- a. Operating assistance is limited to start up operating costs for new transportation services or the incremental costs of expanding such services, including transit, commuter and intercity passenger rail services, intermodal facilities, and travel demand management strategies, including traffic operation centers.
- b. In using CMAQ funds for operating assistance, the intent is to help start up viable new transportation services that can demonstrate air quality benefits and eventually cover costs as much as possible. Other funding sources should supplement and ultimately replace CMAQ funds for operating assistance, as these projects no longer represent additional, net air quality benefits but have become part of the baseline transportation network. The provisions in 23 U.S.C. 116 place responsibilities for maintenance of transportation facilities on the States. Since facility maintenance is akin to operations, a time-limited period of CMAQ assistance provides adequate incentive and flexibility while not creating a pattern of excessive or even perpetual support.
- c. Operating assistance includes all costs of providing new transportation services, including, but not limited to, labor, fuel, administrative costs, and maintenance.
- d. When CMAQ funds are used for operating assistance, non-Federal share requirements still apply.
- e. With the focus on start-up, and recognizing the importance of flexibility in the timing of financial assistance, the 3 years of operating assistance allowable under the CMAQ program may now be spread over a longer period, for a total of up to 5 sequential years of support. Grantees who propose to use CMAQ funding for operating support may spread the third year amount (an amount not to exceed the greater of year 1 or 2) across an additional 2 years (i.e. years 4 and 5). This approach will provide an incremental, taper-down approach, while other funding is used for a higher proportion of the operating costs as needed. See Table 3 for examples of possible funding allocations. At the conclusion of the 5-year period, operating costs would have to be maintained with non-CMAQ funding. It is anticipated that this approach may enable a transition to more independent system operation. The amounts which apply to years 1 and/or 2 are established at the discretion of the State or local sponsor.

**Table 3 - Example Allocations of CMAQ Funds for Operating Assistance**

Example	Year 1	Year 2	Year 3	Year 4	Year 5	Total
A	\$300	\$300	\$200	\$50	\$50	\$900
B	300	300	100	100	100	900
C	100	400	200	100	100	900

Except as noted in paragraph (f) below, activities that already have received 3 years of operating assistance under prior authorizations of the CMAQ program are not considered to be in a start-up phase and are not eligible for new CMAQ operating assistance or the expanded assistance period.

- f. Section 125 of the 2014 Appropriations Act included changes to the Operating Assistance Section of the CMAQ program (23 USC 149(m)). The changes added new language that specifically prohibits the imposition of a time limitation for operating assistance eligibility on a system "for which CMAQ funding was made available, obligated or expended in fiscal year 2012." The phrase "made available" applies to projects designated for CMAQ operating assistance in statute, or to any commitment by the party that by law selects projects for operating assistance funding so long as it occurred during FY2012. There must be official documentation demonstrating that there was a specific commitment in FY 2012 to provide CMAQ funding for operating assistance for a particular project or service. Such official documentation could include a TIP or STIP, or other State or MPO official records. The specific project or service for which the CMAQ funds are being sought for operating assistance without a time limitation must be clearly identified in this documentation. Transportation services expressly eligible for CMAQ funding under SAFETEA-LU sections 1808(g)-(k) and certain provisions in previous appropriations acts are eligible to use CMAQ funds for operating assistance without time limitations. Consistent with Section IX of the CMAQ Program Interim Guidance, States retain the discretion to decide whether or not to fund the operating assistance.
- g. Elements of operating assistance prohibited by statute or regulation are not eligible for CMAQ participation, regardless of their emissions or congestion reduction potential.