

GROSS POLLUTING VEHICLE REPLACEMENT PROGRAM
PHASE I
REMOVE II PROGRAM
GUIDELINES

SECTION I
INTRODUCTION

Motor vehicles are responsible for a large portion of the ozone-forming emissions in the San Joaquin Valley Air Basin. To help solve this problem, the San Joaquin Valley Air Pollution Control District (District) has initiated the Gross Polluting Vehicle Replacement Program. This program is a component of the REMOVE II Program and will reduce air pollution by removing (crushing) and replacing older, high-emitting vehicles. A total of \$2 million has been allocated to implement Phase I of the Gross Polluting Vehicle Replacement Program.

The goal of the Gross Polluting Vehicle Replacement Program is to encourage the crushing and replacing of older, high-emitting vehicles. This will identify and remove from operation vehicles that passed the last required biennial Smog Check, but may currently have emissions that exceed the Acceleration Simulation Mode (ASM) pass/fail cutpoints for that vehicle model year and class. These excessive emission levels occur due to the deterioration of the vehicle and vehicle repairs over the two-year lapse between the required Smog Checks. Therefore, by removing these vehicles from operation sooner than the vehicle would have otherwise been retired, these ozone-forming emissions will be reduced. In order to maximize the impact of this program, vehicles in areas with the highest level of pollution will be targeted by this program.

The District will solicit proposals from interested parties through a separate Request for Proposals (RFP) process for the purpose of contracting the operation and implementation of the Gross Polluting Vehicle Replacement Program. The Contractor(s) selected must enter into an explicit agreement with the District setting forth performance criteria and obligatory products/deliverables to ensure compliance with statutory and audit requirements.

Selected on-road light-duty vehicle owners operating off-cycle, high-emitting vehicles in the District may be eligible to receive monetary incentives for:

- Cash Incentive Option
- Vehicle Replacement with a District-Approved Vehicle Option

The District will utilize California Voluntary Accelerated Vehicle Retirement (VAVR) requirements for the implementation of the Gross Polluting Vehicle Replacement Program. The District may also implement additional requirements that are more restrictive than the VAVR Guidelines.

The VAVR and District requirements will be used to determine vehicle eligibility, minimum vehicle functional requirements, and calculating emission reductions. VAVR requirements may be reviewed at: <http://www.arb.ca.gov/msprog/avrp/avrp.htm>. District requirements will be provided with the RFP.

**SECTION II
BACKGROUND**

The District is comprised of eight counties: San Joaquin, Stanislaus, Merced, Madera, Fresno, Kings, Tulare, and the San Joaquin Valley portion of Kern.

On-road motor vehicles are a significant pollution source in the District that provides an opportunity to pursue substantial emission reductions. The state and federal governments are responsible for regulating motor vehicle emissions; therefore, the District has administered voluntary based incentive programs since 1992 to provide financial incentives to promote the early reduction of emissions from these sources.

The District funded vehicle-crushing projects through the original REMOVE Program until 1995, when the Vehicle Buy-Back Program was created. The Vehicle Buy-Back Program provided \$2 million in monetary incentives from 1995-1998 for the accelerated early retirement of 4,200 pre-1981 light-duty passenger vehicles.

**SECTION III
SCHEDULE**

The following schedule outlines the tentative dates for the first phase of the Gross Polluting Vehicle Replacement Program:

Date	Event
February 2007	Approve Gross Polluting Vehicle Replacement Program
September 7, 2007	Release RFP for Contractor(s) Services with Guidelines
September 21, 2007	RFP Submission Deadline
October 2007	Approve/Award Contractor Agreement(s)
December 2007	Begin Crushing Vehicles

**SECTION IV
DEFINITIONS**

The following is a list of acronyms and definitions for terms used in this guidelines document.

Acceleration Simulation Mode (ASM): This is the test type for vehicles operated on a dynamometer (treadmill like device), which simulates actual driving conditions.

Cash Incentive Option: This is a voluntary program option involving the crushing of vehicles identified through a high emission vehicle profile. The vehicle must be crushed, stamped, shredded, or otherwise rendered permanently and irreversibly incapable of functioning as originally intended.

Emissions-Related Part: This is any vehicle part which affects any regulated emissions from a vehicle that is subject to California or federal emissions standards and includes, but is not limited to, those parts specified in the "Emissions-Related Parts List", adopted by ARB on November 4, 1977, as last amended.

High Emitting Vehicle (HEV): This is a vehicle that is identified as one that is emitting pollution in excess of emission standards pursuant to Title 16, Division 33, Article 5.5, Section 3340.42 of the California Code of Regulations.

Low Emission Vehicle Standards II (LEV II): This is the emission standard set forth in Title 13, CCR, Section 1961. Passenger cars and light-duty trucks meeting this standard were phased-in beginning with the 2004 model year. The standard met by a vehicle can be determined by referencing a placard posted in the engine compartment.

Light-Duty Vehicle: This is a passenger vehicle or light-duty truck, as defined in the California Vehicle Code.

Partner Facility: This is an emissions testing facility that is licensed by the Bureau of Automotive Repair (BAR) and approved by the Contractor(s) and District for participation in the Gross Polluting Vehicle Replacement Program.

Vehicle Identification Number (VIN): This is a vehicle's unique identification number, usually 17 digits. Typically this is found on the top of the dashboard just inside the windshield on the driver's side, or on a plate/sticker in the driver's side doorjamb. The BAR code on a DMV registration renewal also contains this number. The DMV should be contacted if the VIN on a vehicle does not match the VIN on the registration form.

Zero Emission Vehicle (ZEV): ZEVs have zero tailpipe emissions and are 98% cleaner than the average new model year vehicle. These include battery electric and hydrogen fuel cell vehicles.

**SECTION V
PARTICIPATING
VEHICLE
REQUIREMENTS**

The District will invite individuals to participate in the Gross Polluting Vehicle Replacement Program based on profiled vehicle data that identifies potentially high-emitting vehicles. Only vehicles identified in the District High Emitter Profile will be eligible to participate in this program. Once a participant is invited and chooses to participate in the program, they must arrange with the District's Contractor(s) to have an emissions test performed on the vehicle. The vehicle must have an ASM test at an approved Smog Check facility. The results of the ASM test will determine the vehicle's emission levels. Only HEVs that fail due to NOx or ROG emissions will be allowed to participate in the Vehicle Replacement Option, however, any vehicle invited to participate in the program that meets the minimum requirements may participate in the Cash Incentive Option.

If a participant has a HEV crushed, they may be eligible for additional incentive funding by purchasing an eligible replacement vehicle that meets a standard that is cleaner than the average fleet vehicle through the Vehicle Replacement Option. For the purposes of this Vehicle Replacement Option, the replacement vehicle must at least meet LEV II emission standards. The new or used vehicle must have had an ASM test performed at an approved Smog Check facility. If the vehicle seller had an ASM test performed in the previous 90 days, and can provide the Vehicle Inspection Report, that will be sufficient to fulfill this requirement.

All vehicles that participate in the Gross Polluting Vehicle Replacement Program must meet all VAVR and District requirements for vehicle eligibility and functionality require-



ments. Detailed vehicle requirements will be included in the RFP once the program has been approved.

SECTION VI
PROGRAM OPTION
OVERVIEW

The contractor(s) selected to operate the Gross Polluting Vehicle Replacement Program will help guide participants through the options and help coordinate the various activities performed by the partner facilities. Owners of high-emitting vehicles invited to participate in the Gross Polluting Vehicle Replacement Program will have several options to choose from in order to reduce emissions from their existing vehicle.

After a vehicle's emission status is determined through a smog test, the owner will indicate which program option they wish to participate in. Participants with vehicles that test below the HEV threshold will only be eligible for the Cash Incentive Option. Vehicles that fail the ASM test, and are determined to be HEVs, may choose to have the vehicles crushed and will also have the option of receiving additional monetary incentives if they purchase an eligible reduced-emission vehicle as a replacement.

The following is an overview of the two Gross Polluting Vehicle Replacement Program options:

Cash Incentive Option

Any vehicle invited to receive an emissions test by the District is eligible for crushing regardless if it is confirmed as a HEV or not. Older vehicles were built to emissions standards that allowed for much higher emissions than are allowed today. Thus, crushing older vehicles reduces air pollution even when these vehicles pass their smog inspections.

In order to receive incentives for crushing, an invited vehicle must be brought to a District-approved dismantling/crushing facility. The operator of the dismantling/crushing facility must verify the vehicle is qualified for the Gross Polluting Vehicle Replacement Program by completing the Vehicle Functional and Equipment Eligibility inspection form. The participant can then receive the grant incentive from the District's Contractor(s).

Vehicle Replacement Option

A participant with a HEV has the option to receive greater incentive funding by replacing their vehicle with a vehicle certified to the current emission standards for light-duty. Replacement vehicles must be certified to an LEV II standard. The District may be a lien holder on the vehicle for a period of three (3) years. The vehicle owner cannot sell the vehicle for a period of three (3) years without the approval of the Executive Director/APCO of the District. Eligible replacement vehicles will be listed on an eligible vehicles list available on the District website at www.valleyair.org.

INCENTIVE LEVEL PER VEHICLE	
Cash Incentive Option – Total Maximum Incentive to Vehicle Owner for Crushing Vehicle:	\$1,000
Vehicle Replacement Option – Total Maximum Incentive to Vehicle Owner to Crush Old Vehicle and Purchase eligible Replacement Vehicle:	\$5,000*

* Maximum incentive amount eligible per vehicle owner

**SECTION VII
CONTRACTOR(S)
REQUIREMENTS**

The selected Contractor(s) will provide general coordination and operate the basic elements of vehicle crushing under the Gross Polluting Vehicle Replacement Program. The Contractor(s) must either be a District approved auto dismantler or have a binding agreement with a licensed auto dismantler for the purpose of vehicle crushing after purchase. The Contractor(s) will only receive District funding to crush vehicles that have been invited to participate with an official letter of invitation from the District indicating the Vehicle Identification Number (VIN) of the vehicle. It is anticipated that the Contractor will be awarded up to \$250 per vehicle crushed to implement the Gross Polluting Vehicle Replacement Program. The following are general responsibilities of the Contractor(s). Additional specific requirements will be included in the RFP.

- ▶ The Contractor(s) will collect Vehicle Inspection Reports generated from confirmatory ASM tests for the old vehicle, as well as from the new vehicle purchased, if applicable. The Contractor(s) will enter data from all Vehicle Inspection Reports into a database approved or supplied by the District. This data will then be presented to District staff for review. The Contractor(s) will be responsible for coordination of payment vouchers with partner emission testing facilities.
- ▶ The Contractor(s) will be responsible for coordination of participants and the business entities involved with the crushing of vehicles. The Contractor(s) will be the primary contact for participants and will inform participants of the options available based on the results of their confirmatory ASM tests. The Contractor(s) will coordinate all the required activities necessary to successfully guide participants through the options, and manage all the necessary forms and data necessary for District oversight.
- ▶ The Contractor(s) will act as a purchasing agent for the vehicles that are to be crushed. The Contractor(s) will purchase vehicles to be crushed at a price established in the contract between the Contractor(s) and the District. The Contractor(s) will then be responsible for the crushing of the vehicle according to the Gross Polluting Vehicle Replacement Program Guidelines and all applicable state and local regulations. The District will not reimburse the Contractor(s) for the purchase, or the overhead associated with the purchase, of an ineligible vehicle.

The Gross Polluting Vehicle Replacement Program Guidelines outline the minimum responsibilities of Contractor(s) and participants. The District encourages Contractor(s) to be resourceful and creative in order to maximize the overall effectiveness of the Gross Polluting Vehicle Replacement Program. Proposals will be evaluated based on a demonstrated ability to complete the various tasks required for successful implementation. At least thirty (30) days prior to commencing operations as a Gross Polluting Vehicle Replacement Program Contractor(s), the Contractor(s) shall provide the District, in writing, on



forms provided by the District, information demonstrating the ability to comply with all provisions of the guidelines.

Contractor(s) participating in the Gross Polluting Vehicle Replacement Program must meet all VAVR and District requirements. Detailed Contractor(s) requirements will be included in the RFP.

SECTION VIII
PARTNER
FACILITIES

Operation of the Gross Polluting Vehicle Replacement Program will require cooperation with facilities that supply services such as smog tests, vehicle dealerships, and auto dismantling/crushing. Partnerships will be formed with companies that may perform these various functions. Partner facilities will need to be capable of accepting vouchers redeemable for cash incentives from the District or its Contractor(s). This Section provides general guidelines for participating facilities. Additional requirements are contained in the VAVR Guidelines and will be included in the RFP.

Emission Testing Facilities

In order to determine vehicle eligibility and emission levels, participants will be required to have an emission test performed. These tests must be performed at District-authorized testing facilities. In order to partner with the District, an emissions testing facility must be licensed by the Bureau of Automotive Repair (BAR) to conduct ASM emission tests. The station must be able to accept a District payment voucher referencing the VIN of the vehicle to be tested. The station must submit the Vehicle Inspection Report to the District's Contractor(s) along with the voucher for reimbursement.

Dismantling/Crushing Facilities

The agreement requires Contractor(s) to comply with all regulations related to the operation of a vehicle-dismantling/crushing site. The Contractor(s) will be responsible for providing copies of licenses, permits, or other documentation issued by governmental authorities having jurisdiction over these matters when requested by the District.

All activities associated with retiring vehicles, including but not limited to the disposal of vehicle fluids and vehicle programs, must comply with all local, county, state, and federal regulations. These include, but are not limited to, water conservation regulations, city energy and hazardous materials response regulations, and local water agency soil, surface, and groundwater contamination regulations.

All vehicles must adhere to the VAVR requirements for the specified holding period and website posting. Additionally, all vehicles must be confined in a holding area separate from other vehicles procured by the Contractor(s) until they are permanently destroyed. The participating dismantling/crushing facility will need to provide the District or the District's Contractor(s) with a proposal that ensures they are able to perform their Program functions according to the guidelines and California regulations governing vehicle-dismantling/crushing operations.

New and Used Vehicle Dealerships

Vehicle dealerships participating in the Gross Polluting Vehicle Replacement Program will need to enter into an agreement with the District that outlines dealership responsibilities and vehicle sales requirements for the participating dealers. Only District-approved vehicle

models will be eligible for purchase. Dealerships must be able to accept District vouchers from program participants that may be reimbursed by the District or its Contractor(s).

SECTION IX
MAP OF DISTRICT
BOUNDARIES

