

Agreement G-96390-A1

**SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT
Volkswagen Mitigation Trust Fund Transit Bus
FUNDING AGREEMENT**

This Agreement, made this 13th day of January, 2021, between the San Joaquin Valley Unified Air Pollution Control District (“District”) and **City of Costa Mesa** (“Participant”).

RECITALS:

WHEREAS, the Zero-Emission Transit, School and Shuttle Bus Project (“the Project”) is one of the eligible projects included in California’s Beneficiary Mitigation Plan, developed to summarize how the State of California plans to use the VW Mitigation Trust Funds allocated under the Environmental Mitigation Trust that resulted from the Volkswagen “defeat device” settlement; and

WHEREAS, past and future excess NOx emissions emitted from Volkswagen vehicles are intended to be mitigated, in part, by the Zero-Emission Transit, School and Shuttle Bus Project, which also assists in furthering the State’s long-term goals; and

WHEREAS, the Zero-Emission Transit, School and Shuttle Bus Project provides funding to be used toward the purchase of new zero-emission replacement buses for owners of transit, school, and shuttle buses, to mitigate excess NOx emissions, reduces pollution in disadvantaged and low-income communities, supports advanced technology vehicle and equipment deployments and accelerates the zero-emission transformation of the heavy-duty fleet; and

WHEREAS, the District is the Project Administrator for using VW Mitigation Trust Funds to replace eligible used transit, school, and shuttle buses throughout the State in accordance with the Project Agreement and Volkswagen Mitigation Trust Fund Implementation Manual; and

WHEREAS, Participant has submitted an application for funding under the Project, attached hereto and incorporated herein as **Exhibit A**; and

WHEREAS, Participant has reviewed and is familiar with the Program Guidelines, attached hereto and incorporated herein as **Exhibit B**, and agrees to adhere to them; and



NOW, THEREFORE, based on their mutual promises, covenants, and conditions, the parties hereby agree as follows:

1. PROJECT

The purpose of this Agreement is to provide incentives to Participants in the Volkswagen Environmental Mitigation Trust. Under this program, District provides cash incentives to be used toward the purchase of new zero-emission replacement buses. Participant shall receive Project funding from the VW Mitigation Trust Fund, administered by District, to be applied towards the purchase of a new, Project-eligible electric transit replacement bus (hereinafter the “new bus”), to replace Participant’s current internal combustion engine transit bus (hereinafter the “current bus”), for use primarily within the state of California. Participant has agreed to undertake such participation through their submission of their application, attached hereto and incorporated herein as Exhibit A.

2. DESCRIPTION OF VEHICLE(S)

- A. Funding under this Agreement shall be utilized by Participant for the purchase of the following new electric Replacement; hereinafter the “new bus;” to replace Participant’s current Replacement; hereinafter the “current bus.” Specifications for the current bus and the new bus, including the specifications for the motor, are identified in **Exhibit B**, attached hereto and incorporated herein.
- B. No payment shall be made toward the new replacement bus other than as listed in § 2.A.
- C. Participant agrees that the current bus as listed in **Exhibit B**, as the vehicle to be replaced, will be permanently removed from operation, dismantled and reported to the California Department of Motor Vehicles (DMV) as a dismantled bus.
 - Definition of “dismantle” for the purpose of this Agreement, is as follows: to punch, crush, stamp, hammer, shred, or otherwise render permanently and irreversibly incapable of functioning as originally intended, any vehicle or vehicle part.

3. OBLIGATIONS OF DISTRICT

- A. District shall provide **up to \$159,985.41** of VW Mitigation Trust Funds to Participant for the purchase of **one (1)** new bus as indicated in § 2.A, **and not to exceed the funding levels specified in the Guidelines**, attached hereto and incorporated herein as **Exhibit C**.
- B. District shall make payment to Participant upon receipt and verification of a properly supported Claim for Payment including itemized invoices.

- C. Funding shall only be allowed toward the purchase of the new bus described in § 2.A, which complies with the VW Mitigation Trust Fund and all program requirements, which must be met for the full three (3) year Project Implementation Phase.
- D. Payment will be issued upon verification that the new bus is purchased and program eligible including, but not limited to, verification that the new vehicle is California Highway Patrol (CHP) safety certified (for school buses only), insured, and operating.

4. AGREEMENT TERM

- A. Project Completion Phase – Participant shall take delivery and place the new bus into service within **eighteen (18) months** of the effective date of this Agreement, as indicated on Page 1, Paragraph 1. This includes dismantling the current bus and placement of the new replacement bus into service.
- B. Claim for Payment Request for Reimbursement: Participant shall submit a complete claim for payment request to be reimbursed for the purchase of the new bus within **eighteen (18) months** of the effective date of this Agreement, as indicated in Page 1, Paragraph 1. The claim for payment request must be made through the VW Mitigation Trust Fund website at: <http://vwbusmoney.valleyair.org>
- C. Project Implementation Phase – Participant shall own, operate, and maintain the new electric bus according to the terms of this Agreement for a period of not less than **three (3) years** from the date in which the new electric bus is first placed into service. Participant agrees to cooperate with District in implementation, monitoring, enforcement, and other efforts to assure the emissions benefits are real, quantifiable, surplus, and enforceable.
- D. If Participant cannot meet the **eighteen (18) month** Project Completion Phase, Participant must notify District in writing with justification explaining why the Project Completion Phase cannot be met. District will review the request and determine, in its sole discretion, whether to amend the Agreement to account for Participant’s written request. Participant agrees to amend the Agreement as necessary, if requested by District, to ensure the project is completed in a timely manner. Though District agrees it will not unreasonably deny Participant’s request, Participant understands that even with written justification; District does not guarantee an amendment will be made to the Agreement to adjust Project Implementation Phase, and expressly reserves the right to deny such request. Participant may be subject to conditions in § 8 for noncompliance with Project Completion Terms.
- E. Participant will meet the following milestones unless prior arrangements have been submitted to District and approved in writing:

- Purchase Order Milestone: A copy of the purchase order must be submitted to District within ninety (90) days of the contract execution, unless otherwise authorized by District.
- Implementation Milestone: Entire project must be completed, and claim for payment submitted, within eighteen (18) months of the date of contract execution, unless otherwise authorized by District.
- Date of Delivery Milestone: The estimated delivery date of the new bus.
- Scrapping of Current Bus Milestone: Participant must scrap the current bus within sixty (60) days of the receipt of the new bus by rendering the current bus permanently and irreversibly incapable of functioning as originally intended.
- Annual Report Milestone: Participant must supply the requested report information annually for a period of three (3) years from the date the new bus is placed into service.
- Record Retention Milestone: Participant must retain project documentation for the contract term plus three (3) years after contract term.

Milestone Name	Milestone Timeframe
Purchase Order	Submitted within 90 days of contract execution
Implementation	Completed within 18 months of contract execution
Estimated Delivery	Within 12 months of Purchase Order date
Current Bus Scrapping	Within 60 days of receipt of new bus
Annual Report	12, 24, 36 months after new bus in service
Record Retention	Six (6) years from contract execution

5. REPORTING

- A. Participant affirms that the information reported on the current bus, as identified in Exhibit B, is true and accurate.
- B. Participant shall submit annual reports on new bus operation, annual miles traveled, program participation rates, identified problems and proposed solutions, maintenance and any other pertinent information requested by District on a form to be provided to Participant by District. Participant must submit annual reports each year for the duration of the Project Implementation Phase as described in § 4.C.
- C. Annual reports are due at 12, 24, and 36 months after the date that the new bus in this project is in service.
- D. Noncompliance with the reporting requirements shall require on-site monitoring by District personnel.

- E. District reserves the right to monitor and enforce the terms of this Agreement at any time during the Project Implementation Phase as described in § 4.C and for a period of **three (3) years** after.

6. OBLIGATIONS OF PARTICIPANT

- A. Participant shall purchase the new bus specified in § 2.A and indicated in **Exhibit B**. It is the responsibility of Participant to ensure the new bus purchased through this Agreement meets all program eligibility requirements. Participant must ensure the new bus purchased through this Agreement adheres to all the requirements set forth in § 2.A. If Participant purchases a new bus that does not meet program requirements, District may deny the disbursement of project funds.
- B. If the new bus is a school bus, the new bus must undergo a CHP safety certification inspection after its purchase and prior to transporting children.
- C. The new bus shall be operated and maintained according to the manufacturer's specifications.
- D. In the event Participant does not complete the three (3) year Project Implementation Phase required by this Agreement, Participant shall refund to District a pro-rated incentive amount.
- E. If necessary, Participant shall obtain through other sources sufficient additional funds to purchase the new bus specified herein.
- F. In the event Participant cannot obtain sufficient funds to complete the purchase of the new bus, District reserves the right to terminate this Agreement. In that event, if requested by District, Participant shall return any District funds received.
- G. All forms and documents necessary for the submission of the claim for payment for reimbursement will be available at: <http://vwbusmoney.valleyair.org>. Participant must submit all necessary forms and documents required for reimbursement to District through the website at: <http://vwbusmoney.valleyair.org>.
- H. The following records are required for payments. No payments will be made until the following documents are submitted to District:
- The vendor delivers of the eligible replacement bus to Participant.
 - Participant dismantles the current bus through an approved dismantler.
 - District receives itemized invoices from Participant.
 - District receives proof that the current bus has been scrapped: the current bus must be scrapped within 60 days of the receipt of the new bus and proof of scrap must be provided before District can make any payments.

- District receives self-certification from Participant that match funds are not either: (1) from funding sources where any portion of the resulting NOx reductions could be double counted, including but not limited to Carl Moyer Program, AB923, and AB617; or (2) from the Hybrid and Zero Emission Truck and Bus Voucher Incentive Project (HVIP).
 - Participant provides a copy of the Department of Motor Vehicle registration for the new vehicle to District.
 - The documentation of the new vehicle and verification of the new vehicle specifications have been provided to District.
 - (For school buses only) CHP has inspected the school bus and has completed written documentation signifying that the school bus is safe to operate with children aboard and the applicant has provided a copy of the documentation to District.
- I. Initial Reporting by Participant will include, but is not limited to:
- Current bus information,
 - New bus information,
 - Funding information (including match funding amounts and sources),
 - Selected applicant information, and
 - Supporting documentation needed such as engine serial numbers, data tag photos, etc.
- J. Participant must complete the Disclosure of Funds form, self-certifying that match funds are not either: (1) from funding sources where any portion of the resulting NOx reductions could be double counted, including but not limited to Carl Moyer Program, AB923, and AB617; or (2) from the Hybrid and Zero Emission Truck and Bus Voucher Incentive Project (HVIP).
- K. Participant must scrap the current bus with a VW Mitigation Trust Fund approved dismantler within sixty (60) days of the receipt of the new bus by rendering the current bus permanently and irreversibly incapable of functioning as originally intended. VW Mitigation Trust Fund approved dismantlers can be found at: <http://vwbusmoney.valleyair.org>.
- L. Payment for Scrap: Income for scrap is not allowed. District will allow Participant to receive payment for scrap under the following conditions:
- Participant provides to District the receipt for any scrap payment showing the amount of funds received from the dismantler.
 - District will reduce the VW Mitigation Trust Funds awarded to Participant by the scrap payment amount if the scrap amount, plus VW Mitigation Trust Funds amount, plus match exceeds the new bus purchase price.

- District and Participant will retain documentation of any scrap payment as part of the project record.

- M. Participant agrees to maintain the new bus per the manufacturer's specifications.
- N. District shall only reimburse Participant for project costs incurred on or after the date of execution and subject to the provision limits in Project Expenditure Limitations Section of the VW Mitigation Trust Fund Guidelines. Funds will be disbursed within 30 days of District's receipt and approval of all required documentation.

7. GENERAL CONDITIONS

- A. Participant agrees that as of the date of execution of this Agreement, it has not yet purchased and/or received delivery of the new bus.
- B. Participant agrees that, for the three (3) year Project Implementation Phase plus **three (3) years**, District shall be allowed upon request to inspect the new replacement bus and/or records relating to the new bus including but not limited to those listed in **Exhibit C**.
- C. Participant agrees that the gross vehicle weight rating of the new bus shall be 14,001 pounds or greater.
- D. Participant agrees that the new bus shall, by a test method approved by the United States Environmental Protection Agency (US EPA) or the California Air Resources Board (CARB), be new and certified for sale in California, or under an experimental permit for operation in California, and must be a part of the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) eligible vehicle catalog, unless previously approved in writing by District and CARB. The new bus shall meet or exceed said requirements.
- E. Participant agrees and represents that the new bus will operate primarily within the state of California and shall remain so for the three (3) year Project Implementation Phase.
- F. Participant acknowledges that they are prohibited from making or allow any modifications to the vehicle's emissions control systems, hardware, or software calibrations, (Vehicle Code Section 27156), and not install any combustion source such as a fuel fired heater.
- G. Participant waives all rights to any emission reduction credits that may accrue as a result of purchase of the new bus. Any such potential credits shall be the sole property of the VW Mitigation Trust Fund.

- H. If Participant intends to sell or transfer ownership of the new bus in this Agreement during the three (3) year Project Implementation Phase specified in paragraph 4(C), Participant must notify and receive approval from District prior to the sale or transfer of the new bus. In the event Participant sells or transfers ownership of said new bus to a buyer outside of the state of California during the three (3) year Project Implementation Phase specified in paragraph 4(BC), Participant shall return, if requested by District, pro-rated incentive funds to District.
- I. District reserves the right to reduce the incentive amount if it is determined that the actual costs paid by Participant are less than the costs indicated on the Application, as indicated in **Exhibit A** and **Exhibit B**, or if the incentive amount exceeds the funding levels specified in the Guidelines, as identified in Exhibit C. Additionally, District reserves the right to disallow certain ineligible costs submitted on the Claim for Payment and thereby reduce the incentive amount. A determination of cost eligibility will be at the sole discretion of District.
- J. Participant agrees that the project will comply with the Volkswagen Environmental Mitigation Trust Fund Guidelines and shall meet all program requirements for the three (3) year Project Implementation Phase of the Agreement, all of which are incorporated herein by reference.
- K. For projects involving installation or construction of infrastructure, Participant agrees that only licensed professionals will be used to perform services under this Agreement where such services are called for and licensed professionals are required for those services under state law.
- L. If applicable, Participant agrees to be bound by all the provisions of State Labor Code Section 1771 regarding prevailing wages. If applicable, Participant shall monitor all services subject to reimbursement from this Agreement to ensure that the prevailing wage provisions of State Labor Code Section 1771 are being met.
- M. Participant shall be responsible for work and for persons or entities engaged in work, including, but not limited to, contractors, subcontractors, suppliers, and providers of services. Participant shall be responsible for any and all disputes arising out of its contracts for work funded by this Agreement, including, but not limited to, payment disputes with contractors, subcontractors, and providers of services. District will not mediate disputes between Participant and any other entity concerning responsibility for performance of work.

8. REPERCUSSIONS FOR NONPERFORMANCE

- A. Participant must operate the new bus purchased through this Agreement according to the terms of the Agreement and cooperate with District and CARB in implementation, monitoring, enforcement, and other efforts to assure the emission benefits are real, quantifiable, surplus, and enforceable.

- B. Repercussions for noncompliance with the requirements, terms, and conditions set forth in this Agreement shall result in, including but not limited to, District cancelling the Agreement with Participant and recapturing project funds in proportion to any loss of emissions reductions as agreed to in this Agreement.
- C. District and CARB have authority to seek any remedies available under the law for noncompliance with VW Mitigation Trust Fund requirements and nonperformance with the Agreement. District may consider unforeseen circumstances beyond Participant's control in determining repercussions for nonperformance.
- D. CARB, as an intended third party beneficiary, reserves the right to enforce the terms of this Agreement at any time during the contract term to ensure emission reductions are obtained.

9. INDEPENDENT CONTRACTOR

In performance of the work, duties, and obligations assumed by Participant under this Agreement, it is mutually understood and agreed that Participant, including any and all of Participant's officers, agents, and employees, shall act in an independent capacity and not as an officer, agent, servant, employee, joint venture, partner, or associate of District.

10. INSURANCE

Participant shall insure the new bus in an amount not less than the full replacement value of the bus and provide satisfactory evidence of such insurance to District. The evidence shall be provided at the time of claim and with the annual report through the full three (3) year Implementation Phase of this Agreement.

11. FUNDING OUT

The terms of this Agreement and the services to be provided hereunder are contingent on the approval and receipt of funds by the appropriating government agency. Should sufficient funds not be allocated, the services provided may be modified or this Agreement terminated at any time by giving Participant thirty (30) days' prior written notice.

12. NON ASSIGNMENT

Neither party shall assign, transfer, or subcontract this Agreement, nor their rights or duties under this Agreement, without the prior express, written consent of the other party.

13. TERMINATION

District may immediately suspend or terminate this Agreement, in whole or in part, or withhold payment where District determines there is:

- A. An illegal or improper use of funds;
- B. A failure to comply with any term of this Agreement; or
- C. A substantially incorrect or incomplete report submitted to District.

In no event shall any payment by District constitute a waiver by District of any breach of this Agreement or any default that may then exist on the part of Participant. Neither shall such payment impair or prejudice any remedy available to District with respect to the breach or default. District shall have the right to demand of Participant the repayment to District of any funds disbursed to Participant under this Agreement that, in the judgment of District, were not expended in accordance with the terms of this Agreement. Participant shall promptly refund any such funds upon demand. In addition to immediate suspension or termination, District may impose any other remedies available by law, in equity, or otherwise specified in this Agreement.

14. INDEMNIFICATION

Participant agrees to indemnify, defend and hold harmless the District, State and CARB and their respective officers, employees, agents, representatives, and successors in interest against any and all liability, loss, and expense, including reasonable attorneys' fees, from any and all claims for injury or damages arising out of the performance by Participant, and/or out of the operation of equipment that is purchased with trust funds.

15. RECORD KEEPING

Participant shall maintain records sufficient to provide, on an annual basis for the full term of this Agreement, information regarding annual mileage, fuel usage, general maintenance details, and any other available information that may be deemed pertinent to the evaluation of the program. Participant shall agree to maintain such records for possible audit for a minimum of the Agreement term plus **three (3) years**. Participant shall agree to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Participant agrees to include a similar right to the State and CARB to audit records and interview staff in any subcontract related to performance of the Agreement. This includes the right to review and to copy any records and supporting documentation pertaining to the performance of the Agreement – this includes programmatic and fiscal records and documentation.

On-going Recordkeeping and Reporting will include:

- Participant must supply the required information annually and for three (3) years after contract term, including:

- The new bus mileage at 12, 24, and 36 months after date the new bus is in service,
- Self-certify that the bus is still owned by Participant, and
- Self-certify that the bus is still in operation in California.

16. AVAILABILITY OF DATA

District will make project documentation, records, reports, and other material available to CARB upon request and as needed to respond to legislative inquiries. District will make data summaries available to the public in response to data requests.

17. NOTICES

The persons and their addresses having authority to give and receive notices under this Agreement are as follows:

PARTICIPANT

Lori Ann Farrell Harrison
City Manager
77 Fair Drive
Costa Mesa, CA 92626

DISTRICT

Samir Sheikh
Executive Director/APCO
1990 E. Gettysburg Avenue
Fresno, California 93726

Any and all notices between District and Participant provided for or permitted under this Agreement or by law shall be in writing and shall be deemed duly served when personally delivered to one of the parties, or in lieu of such personal service, when deposited in the United States mail, postage prepaid, addressed to such party.

18. CONFLICT OF INTEREST

No officer, employee, or agent of District who exercises any function or responsibility for planning and carrying out the services provided under this Agreement shall have any direct or indirect personal financial interest in this Agreement. Participant shall comply with all federal and state conflict of interest laws, statutes, and regulations, which shall be applicable to all parties and beneficiaries under this Agreement and any officer, agent, or employee of District.

19. GOVERNING LAW

This Agreement shall be governed in all respects by the laws of the State of California. Venue for any action arising out of this Agreement shall only be in Fresno County, California.

20. COMPLIANCE WITH LAWS

Participant shall comply will all federal and state laws, statutes, regulations, rules, and guidelines which apply to its performance under this Agreement, including California driving eligibility and financial liability laws.

21. TIME IS OF THE ESSENCE

It is understood that for Participant's performance under this Agreement, time is of the essence. Participant will, to the reasonable satisfaction of District, complete all activities provided herein within the time schedule outlined in this Agreement, provided that Participant is not caused unreasonable delay in such performance. District reserves the right to cancel the Agreement if the owner does not execute it in a timely manner.

22. ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement between Participant and District with respect to the subject matter hereof and supersedes all previous negotiations, proposals, commitments, writings, advertisements, publications, and understandings of any nature whatsoever unless expressly included in this Agreement.

23. MODIFICATION

Any matters of this Agreement may be modified from time to time by the written consent of all the parties without in any way affecting the remainder.

24. NO FINANCIAL THIRD-PARTY BENEFICIARIES

Notwithstanding anything else stated to the contrary herein, it is understood that Participant's services and activities under this Agreement are being rendered only for the benefit of District, and no other person, firm, corporation, or entity shall be deemed an intended financial third-party beneficiary of this Agreement.

25. SEVERABILITY

In the event that any one or more of the provisions contained in this Agreement shall for any reason be held to be unenforceable in any respect by a court of competent jurisdiction, such holding shall not affect any other provisions of this Agreement, and the Agreement shall then be construed as if such unenforceable provisions are not a part hereof.

26. AUDIT

District reserves the right to audit and enforce the terms of this Agreement at any time during the agreement term plus **three (3) years**. Additionally, District shall be permitted

to inspect the project equipment during the entire Agreement term plus **three (3) years** and as long as it is still in use after the Agreement term.

27. FORCE MAJEURE

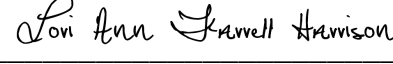
Neither District nor Participant shall be liable for or deemed to be in default for any delay or failure in performance under this Agreement or interruption of services resulting, directly or indirectly, from acts of God, enemy or hostile governmental action, civil commotion, strikes, lockouts, labor disputes, fire, or other casualty, etc.

28. NON-DISCRIMINATION

During the performance of this Agreement, Participant and its contractors shall not unlawfully discriminate against, harass, or allow harassment against any employee or applicant for employment because of sex, race, religion, color, national origin, ancestry, disability, sexual orientation, medical condition, marital status, age (over 40) or allow denial of family-care leave, medical-care leave, or pregnancy-disability leave. Participant and its contractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free of such discrimination and harassment.


PARTICIPANT

City of Costa Mesa


DocuSigned by:

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Lori Ann Farrell Harrison
City Manager

DISTRICT

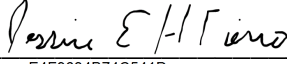
San Joaquin Valley Unified Air Pollution Control District

DocuSigned by:

508986AD80E3498...
Craig Pedersen
Governing Board Chair


Recommended for approval:
San Joaquin Valley Unified Air Pollution Control District

DocuSigned by:

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Samir Sheikh
Executive Director/APCO

Approved as to legal form:
San Joaquin Valley Unified Air Pollution Control District

DocuSigned by:

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Annette A. Ballatore
District Counsel

Approved as to accounting form:
San Joaquin Valley Unified Air Pollution Control District

DocuSigned by:

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Mehri Barati, C.P.A.
Director of Administrative Services

For accounting use only:
San Joaquin Valley Unified Air Pollution Control District

Program: 466 _____
Account No.: _____

EXHIBIT A

COPY OF APPLICATION



Zero-Emission Shuttle Bus Application

Applicant Information

1. Applicant Type: Government		
2. Applicant Name (as it will appear on the contract and IRS W9): City of Costa Mesa		
3. Physical Address: 77 Fair Drive		
4. City: Costa Mesa	5. State: CA	6. ZIP Code: 92626
7. Mailing Address (if different from above):		
8. City:	9. State:	10. ZIP Code:
11. County of Operation: Orange		12. Tax ID 95-600-5030

Primary Contact Information

1. First Name: Ruben		2. Last Name: Salas	
3. Title: Fleet Supervisor		4. E-Mail: ruben.salas@costamesaca.gov	
5. Phone Number: (714) 327-7481	6. Alternate Contact Number: (714) 327-7473	7. Fax Number: (714) 327-7556	

Agreement Signing Authority

1. First Name: Raja		2. Last Name: Sethuraman	
3. Title: Director of Public Services		4. E-Mail: Raja.sethuraman@costamesaca.gov	
5. Phone Number: (714) 754-5343	6. Alternate Contact Number:	7. Fax Number:	

Existing Old Bus Information

1. Bus Identification Number: 219	
2. Bus Storage Address: 2300 Placentia Avenue	
3. City, State, Zip Code: Costa Mesa, CA 92627	
4. Total Mileage: 303811	5. Annual Mileage for the Bus: 7949
6. Percent of Miles Traveled within CA: 100.0	7. Bus Make: Ford E450
8. Bus Model: El Dorado	9. Bus Model Year: 2007
10. Gross Vehicle Weight Rating (GVWR): 14500	11. Vehicle Identification Number (VIN): 1FDXE45S76DB32672
12. License Plate Number: 1253268	
13. Bus Type: Flexible-route paratransit	

Engine Information

1. Engine Make: Ford	2. Engine Model: Triton V-10
3. Engine Model Year: 2007	4. Horsepower: 362
5. Engine Serial Number: N/A	
6. EPA-Certified Family Name (e.g., XCEXH0123MAH): 6FMXH06.8EH5	7. Two Stroke Engine: No
8. Displacement:	9. Fuel Type: Gasoline
10. If this has a retrofitted DPF, please list the DPF make, model and serial number: N/A N/A N/A	

New Electric Bus Information

1. New Bus Make: Ford E450	2. New Bus Model: Micro Bird D- Series / 18 Passenger w/ Wheel chair lift
3. New Bus Model Year: 2020	4. GVWR: 14500
5. New Bus Type: Flexible-route paratransit	
6. Range of Electric Bus (in Miles): 100	7. Total Cost of New Bus: 80000.0

Proposed New Electric Motor Information

1. Motor Make: Borg-Warner Remy	2. Motor Model: Borg-Warner
3. Motor Model Year: 2019	4. Horsepower: 215
5. EPA-Certified Family Name (e.g., XCEXH0123MAH): Unknown	

Electric Bus Charging Station

1. Do you require charging station installation or upgrades to support this bus? Yes

New Electric Bus Dealer Information

1. Dealership Name: A-Z Bus Sales, Inc.		
2. Address: 1900 South Riverside Avenue		
3. City: Colton	4. State: CA	5. Zip Code: 92324
6. Contact Name: Ashley Huff	7. Contact E-Mail: ahuff@a-zbus.com	
8. Contact Phone Number: (800) 437-5522	9. Contact Fax Number:	
10. May we share your project information directly with the Dealer? Yes or No Yes		

Signature Form Signing Authority

Certifications

By signing this Certifications form, I certify that I have read and understand the Eligibility Criteria and Application Guidelines document and agree to adhere to its requirements. Additionally, by signing this Certifications form, I certify to the statements and agree to adhere to the terms and conditions described below:

1. The emission reductions obtained through this program are not required by any federal, state, or local regulation, memorandum of agreement/understanding (MOA/MOU) with a regulatory agency, settlement agreement, mitigation requirement, or other legal mandate.
2. Projects funded by VW Mitigation Trust Funds will not be used as marketable emission reduction credits, to offset any emission reduction obligation, or for credit under any federal or state emission averaging, banking and trading program. In addition, projects funded through this program may not be used to generate a compliance extension or extra credit for determining regulatory compliance.
3. Proposed project has not received funding or is not under agreement with any other air district, ARB, or any other public agency. Any current financial incentive that directly reduces the project cost; including tax credits or deductions, grants, or other public financial assistance for the same engine or equipment; must be disclosed.
4. Any funding received, including funding from other sources, combined with this grant must not exceed the full cost of the new bus.
5. The bus within this application is based within the state of California and operate within the state of California for at least three (3) years from the date the new bus is purchased, unless prior written authorization has been granted by the SJVAPCD to travel outside of the state of California.
6. During the previous 24 months, at least 51% of the total usage of this bus was within California.
7. Bus identified in this application is currently in compliance with any State of California regulations.
8. Applicant understands the VW Mitigation Trust Project Administrator (SJVAPCD), CARB, or their designee maintains the right to inspect the bus at any time during the agreement period.
9. Applicant will not order, purchase, make payment, or take delivery of the new bus without an executed agreement from the VW Mitigation Trust Funds.

I hereby certify that all information provided in this application and any attachments are true and correct to the best of my knowledge.

Raja Sethuraman

Signing Authority Signature

6/17/2020

Date

Exhibit B

DESCRIPTION OF VEHICLE

G-96390-A1
City of Costa Mesa

	Current Bus	New Bus
Make:	Ford	Ford E Series
Model:	E450	Starcraft Allstar Phoenix 22'
VIN:	1FDXE45S76DB32672	
Year:	2007	2016
Fleet ID:	219	
	Current Engine	New Engine
Make:	Ford	Phoenix E200
Model:	Triton V-10	EM4
Serial #:	6C2E-9C485-NVC	
Year:	2006	2019
HP:	305	200
GVWR:	14,050	14,500
EPA Family Name:	6FMXH06.8EH5	KPMO2VOCV000
Fuel:	GS	ELECTRIC

Equipment Usage	
Average Annual Mileage:	7,949
Geographic Area:	Orange
Project Life (reporting length):	3

Estimated Eligible Cost ¹	Grant Amount ^{2, 3}
\$159,985.41	\$159,985.41

¹ Estimated Total Cost may differ from the final invoice amount.

² Grant amount cannot exceed the funding levels specified in the Guidelines (Exhibit C)

³ Funding amounts for non-government owned transit, school, and shuttle buses must not exceed 75 percent of project costs

EXHIBIT C

Volkswagen Mitigation Trust Fund Guidelines



Volkswagen Mitigation Trust Fund Guidelines

Zero-Emission Transit, School and Shuttle Bus Project

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Volkswagen Mitigation Trust Fund Guidelines

Zero-Emission Transit, School and Shuttle Bus Project

I. Project Overview

The Zero-Emission Transit, School and Shuttle Bus Project provides funding for new zero-emission replacement buses for owners of transit, school, and shuttle buses. This project mitigates excess NOx emissions, reduces pollution in disadvantaged and low-income communities, supports advanced technology vehicle and equipment deployments and accelerates the zero-emission transformation of the heavy-duty fleet.

Applicants will complete the application and meet the other requirements of the project such as submitting required documentation, scrapping the old vehicle, and complying with reporting requirements.

II. Project Requirements

A. Application Requirements

1. **Applications:** The applicant for transit, school and shuttle buses must apply through the online application portal for each individual bus.
2. **Statewide:** Applications must be submitted for each individual bus through the web based application portal from entities that own buses domiciled in California and operate primarily within the state of California.
 - a. Applicants must receive prior written authorization from the SJVAPCD for new buses that will travel outside of the state of California at any time during their contract life.
3. **First come, first served:** Applications will be selected on a first come, first served basis based off a complete and eligible application per bus, subject to the maximum funding expenditures per Entity specified in [Table 2: Maximum-Funding Expenditures per Entity](#)
4. **Authorization for submittal:** Applicants must obtain authorization for the submittal of the applications and identification of the individual authorized to implement the bus purchase project.
5. **Multiple buses allowed:** Applicants must submit a separate application for each individual bus to be replaced.
6. **Prior Purchases:** Applicants must not purchase, make down payments, become financially committed, or take possession of the new replacement bus under funding consideration prior to the issuance of a completely executed

contract that is signed by all parties – doing so will render the project ineligible.

- a. A fully refundable deposit is allowed, as long as it is clearly stated that the deposit is fully refundable
- 7. Information for reports:** Applicants must include information needed to fulfill the reporting requirements in [Project Reporting](#)
- 8. Information to determine eligibility:** Applicants must submit required documentation to determine eligibility of the applicant and of the old bus.

B. Eligible Applicants

1. Eligible Applicants are owners of transit buses, school buses and shuttle buses.
2. Indian Tribes are eligible for this program. In addition, Indian Tribes Beneficiaries (i.e., for federally-recognized Indian Tribes) have entered into their own Environmental Mitigation Trust Agreement. For more information, please visit the Volkswagen Diesel Emissions Environmental Mitigation Trust site at: <https://www.vwenvironmentalmitigationtrust.com/tribe-trust>
3. Agencies that are the lessors that lease or rent applicable transit, school and shuttle buses to third parties may apply, however, additional requirements must be met. These requirements are specified in [Vehicle Leasing or Rental Agencies](#)

C. Requirements for the Old Bus

1. Only buses with internal combustion engines are eligible
2. Fuel type of the old bus can be gasoline, diesel, or compressed natural gas (CNG), or propane.
3. Engine Model Year of the old school bus must be 2006 or older
4. Engine Model Year of the old transit or shuttle bus must be 2009 or older
5. Gross Vehicle Weight Rating (GVWR) must be 14,001 pounds or greater
6. Current California Highway Patrol (CHP) certification for school buses is required
7. All old school buses may be eligible regardless of their compliance with the Truck and Bus Regulation. However, noncompliant school buses are subject to additional funding limitations specified in [Project Expenditure Limitations](#)
8. Compliance with the Truck and Bus Regulation must be submitted with the application. Acceptable documentation includes, but is not limited to, any of the following:
 - a. Invoice(s) for the purchase of the Diesel Particulate Filter (DPF) and its installation on the old bus specified on the application.
 - b. Pictures of the DPF on the bus engine specified on the application. The pictures must be able to identify both the DPF and the old bus.
 - c. CHP 292 school bus safety inspection of the installed DPF on the old bus

specified on the application.

- d. Compliance certificate from CARB TRUCRS database.

D. Requirements for the New Bus

1. **Zero emission:** Hydrogen fuel cell and battery electric-powered vehicle technologies are eligible projects. Eligible buses must be listed as an Eligible Vehicle for the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) and listed on the HVIP website at www.californiahvip.org/. SJVAPCD may consider other zero emission technologies for eligibility on a case by case basis, subject to approval by the California Air Resources Board (CARB).
2. **New Vehicle:** The vehicle must be a new vehicle as defined in California Vehicle Code Section 430.
3. **Not converted:** SJVAPCD and CARB does not consider a new vehicle to be a new chassis that has been converted with aftermarket parts or equipment to create a zero-emission vehicle, unless the completed zero emission vehicle has obtained CARB new vehicle certification. Eligible vehicles (and vehicle chassis) must be new and not yet have been registered in any state or paid for by the purchaser (other than a vehicle down payment). Used vehicles (including vehicles used by dealers, manufacturers, or other entities or for demonstration purposes) are not eligible.
4. **GVWR 14,001 pounds or greater:** Zero-emission vehicle makes/models must be 14,001 pounds GVWR or greater.
5. **CARB certified:** The manufacturer must have obtained CARB approval/certification of the vehicle model.
6. **HVIP eligible:** Stacking VW Mitigation Trust Funds with HVIP funds is prohibited. For additional information regarding match funding, please see section [Match Funding](#)
7. **CHP certification:** Current CHP 292 certification is required for the new school bus.

E. Project Expenditures

1. **Eligible Costs:** Eligible costs include purchase price and taxes for new eligible buses.
2. **Maximum Project Funding Expenditures:** Listed in Table 1: Maximum Funding Expenditures per Bus.

Table 1: Maximum Funding Expenditures per Bus

New Bus	Maximum Funding Level
Battery Electric Transit bus	\$180,000
Fuel Cell Transit bus	\$400,000
Electric School bus (replacing a compliant old bus)	\$400,000
Electric School bus (replacing a non-compliant old bus)	\$380,000
Electric Shuttle bus	\$160,000

F. Project Expenditure Limitations

1. **Entity Funding Limitation:** The maximum funding expenditures per Entity, as determined by Tax Identification Number, is \$3,250,000.
 - a. If insufficient applications are received to expend trust funds, SJVAPCD reserves the right to issue additional contracts beyond the above stated limit.

Table 2: Maximum-Funding Expenditures per Entity, per Installment

Entity	Maximum Funding Level
Determined by Tax ID	\$3,250,000

2. **Category Funding Limitation:** Of the three bus categories – transit, school bus, and shuttle – funding for a single bus category must not exceed 50 percent of the available VW Mitigation Trust Funds, including earned interest, in each installment.
3. **Equipment Options:** While not specifying any particular ineligible equipment options, SJVAPCD reserves the right to deny reimbursement for non-standard accessories and equipment considered excessive peripheral costs. The applicant may still choose to purchase these options, however, they are not eligible for reimbursement nor will they be used in the calculation of the limitations of funding amounts specified below.
4. **Bus Funding Limitation:** Funding amounts for buses must not exceed actual project costs.
5. **Non-government owned limitation:** Funding amounts for non-government owned transit, school, and shuttle buses must not exceed 75 percent of project costs.
6. **Non-Compliant School Bus:** For school buses that are not compliant with the CARB Truck and Bus Regulation, the maximum funding amounts will be reduced by \$20,000 to account for the cost of compliance through the purchase of a DPF.
7. **Multiple Funds Limitation:** Selected applicants may not receive more funds

than the eligible project costs, whether funded solely with the VW Mitigation Trust Funds or funded with multiple funding sources.

- 8. Leasing Limitations:** Replacement bus owners can lease the buses purchased using VW Mitigation Trust Funds to third parties, provided the following requirements are met:
 - a. Lease agreement must be a minimum of 36 months
 - b. Lease agreements must contain program requirements, including, but not limited to: requirements of the new bus, contract requirements, record requirements, reporting requirements. Additional requirements can be found in Section [Vehicle Leasing or Rental Agencies](#)
- 9. Returned VW Mitigation Trust Funds:** The SJVAPCD must spend returned trust funds on eligible projects, or return trust funds to the Trustee.
- 10. Unspent VW Mitigation Trust Funds:** CARB Executive Officer or designee reserves the right in his or her sole discretion to award any remaining unspent trust funds to another Project Administrator or other mitigation projects.

G. Match Funding (Co-Funding)

Match funding from the applicant is encouraged and required for school bus purchases (at least 5 percent) and all non-government owned purchases (at least 25 percent). For school bus purchases, the cost of the required infrastructure for the new, replacement bus is used to meet the required 5 percent match.

Match funding may include funding from other State, local, federal, non-profit, or private revenue sources. Match funding may not include funding where any portion of the resulting NOx reductions could be double-counted, including but not limited to Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP), Carl Moyer Program, AB923, and AB617.

The applicant must report all match funding amounts and sources to SJVAPCD prior to contract and again during the reimbursement process.

H. Payment for Scrap

The selected applicant must scrap the old bus within 60 days of the receipt of the new bus by rendering the old bus permanently and irreversibly incapable of functioning as originally intended

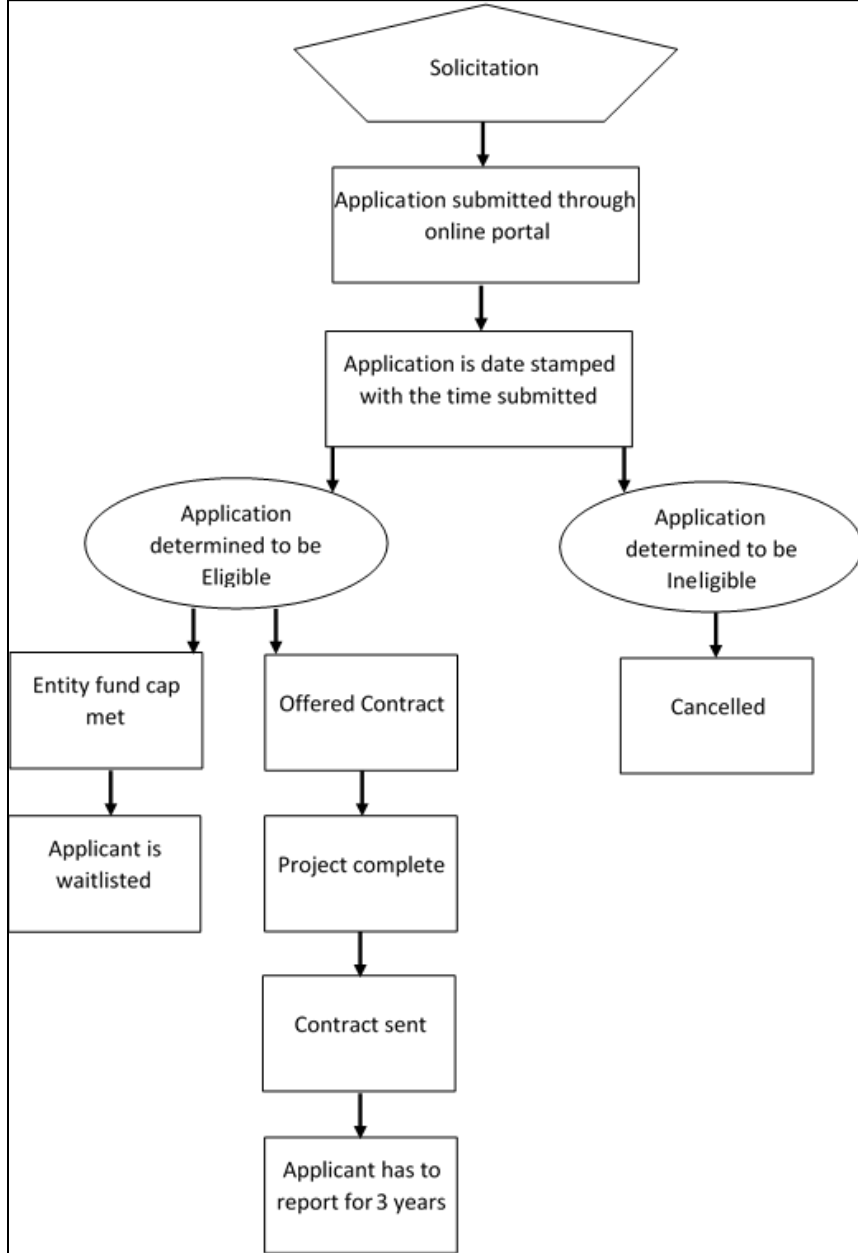
Income for scrap is not allowed. SJVAPCD will allow a selected applicant to receive payment for scrap under the following conditions

- a. The selected applicant provides to the SJVAPCD the receipt for any scrap payment showing the amount of funds received from the dismantler.
- b. SJVAPCD will reduce the VW Mitigation Trust Funds award by the scrap payment amount if the scrap amount, plus VW Mitigation Trust Funds

amount, plus match exceeds the new bus purchase price.

- c. SJVAPCD and the selected applicant will retain documentation of any scrap payment as part of the project record.

Table 3: Processing Flow Chart



L. Vehicle Purchasers

- 1. Responsibilities for Vehicle Purchasers:** The bus purchaser is responsible for completing an application, executing a contract with SJVAPCD, complying with

the terms of the contract, and obtaining funding for or paying the match portion of the vehicle cost.

- 2. Requirements for Vehicle Purchasers:** The bus purchaser must be an individual, business, non-profit, or government entity that is based in California or has a California-based affiliate. A bus leasing/rental agency based outside of California is also eligible if the vehicle is leased/rented to an entity that will meet all operational, reporting, and other applicable requirements.
- 3. Restriction for Vehicle manufacturers and Dealers:** Vehicle manufacturers and dealers may apply for no more than two vehicles in each installment. This applies to vehicles the manufacturer produces and for vehicles the dealer makes available for sale. Vehicle manufacturers and dealers will be required to provide SJVAPCD and CARB additional information including, but not limited to, manufacturing costs and dealer invoice or acquisition costs. If a vehicle manufacturer or dealer chooses to purchase a vehicle they do not produce or sell, then this condition will not apply.
- 4. Insurance Requirement:** Maintain insurance as required by law. If an accident or other cause destroys or otherwise renders permanently inoperable the purchased vehicle, the bus purchaser must notify SJVAPCD within one week of the occurrence. The written notification must provide proof that the funded vehicle has become inoperable, including photographs of the inoperable vehicle with license plates or other identifying markings, as well as any applicable insurance or police documentation.
- 5. Expectation to Operate:** SJVAPCD expects the vehicle to operate primarily in California for three years after purchase.
- 6. Prohibition to Modify Vehicle:** Not make or allow any modifications to the vehicle's emissions control systems, hardware, or software calibrations, (Vehicle Code Section 27156), and not install any combustion source such as a fuel fired heater.
- 7. Reporting Requirement:** Submit annual activity reports for three years. SJVAPCD requires the funded vehicle owner to complete activity reports. SJVAPCD and CARB reserve the right to bar a fleet that does not provide timely and accurate usage surveys/questionnaires as required from future project participation.
- 8. Access to DMV Records:** Allow CARB, SJVAPCD, or their designees to verify the bus registration with the DMV for three years after initial registration.
- 9. Inspection Availability:** Be available for follow-up inspection if requested by the SJVAPCD, CARB, or designees.
- 10. Penalty for Falsifying Information:** The bus purchaser is responsible for ensuring the accuracy of the vehicle and purchaser information on the application forms. SJVAPCD and CARB may consider submission of false information on these forms a criminal offense, punishable under penalty of perjury under the laws of the State of California.

- 11. Requirement to Maintain Records:** Bus purchasers must keep written records of the bus purchase for buses funded with mitigation trust funds – including the vehicle invoice, proof of purchase, and DMV records – for the contract term plus three years.
- 12. Requirement to Provide Records:** A bus purchaser must provide SJVAPCD, CARB, or its designees with all requested information related to any bus purchased with mitigation trust funds within ten days of a written request for such information. Requested information may include but is not limited to purchase orders or agreements, vehicle payment information and related bank records, and purchaser fleet information. SJVAPCD and CARB may require selected applicants that submit false information to return the full mitigation trust fund amount and may exclude them from future project participation. In addition, SJVAPCD and CARB may pursue other remedies available under the law.

M. Resale of Vehicles

- 1. Notification of Intent to Resell:** The original vehicle purchaser must notify SJVAPCD in writing of its intent to sell the vehicle at least seven calendar days prior to the vehicle resale.
- 2. CARB Approval:** CARB and SJVAPCD expects selected applicants to keep the vehicle and meet all applicable project requirements for a minimum three-year period after the vehicle purchase date. However, unforeseen or unavoidable circumstances may allow for the resale of a vehicle within this three-year period. Resale of a funded vehicle must receive SJVAPCD and CARB written approval prior to resale.
- 3. Prohibition To Resell More Than Once in Three-Year Project Life:** A funded vehicle may not be resold more than once within three years of the original purchase date.
- 4. Contract Amendment (Novation):** For vehicles resold within three years of the original vehicle purchase date (and after SJVAPCD and CARB provides written approval), the original vehicle purchaser must inform the new purchaser in writing about the project requirements – by sharing a copy of the project contract. The new vehicle purchaser must agree in writing to meet all applicable requirements of original vehicle purchasers – by signing an amended version of the project contract with SJVAPCD.
- 5. Notification of Resell:** Within seven calendar days after the vehicle resale, the original vehicle or purchaser must notify SJVAPCD that the vehicle has been resold and provide the mailing address, phone number and email (if any) of the purchaser as well as the vehicle resale price.
- 6. Information Required from Second Owner During Three-Year Project Life:** Within thirty calendar days after the vehicle resale, the entity buying the vehicle from the original vehicle purchaser must also provide SJVAPCD with:
 - a. Mailing address**

- b. Phone number and email (if any)
 - c. A copy of the new DMV title documenting the vehicle resale
 - d. A written commitment to meet the project requirements
 - e. A written commitment to complete and return the annual usage survey/questionnaire as required by the project contract.
- 7. Prorated Funds for Resell or Moving Out-of-State:** For funded vehicles resold or moved out of the State, the vehicle purchaser must refund promptly to SJVAPCD a prorated portion of their mitigation trust funds received, in an amount equivalent to the original amount divided by 36 months and then multiplied by the number of months remaining in the original 60 month period (rounded to the nearest month): $(\text{Original Voucher Amount} \div 36 \text{ Months}) \times (36 - \text{months since vehicle purchase date})$.
- 8. Pursuit of Remedies for Noncompliance:** SJVAPCD and CARB reserve the right to pursue all remedies available under the law for noncompliance with these requirements.

N. Vehicle Leasing or Rental Agencies

Any vehicle lease or rental entity that leases or rents a vehicle purchased with VW Mitigation Trust Funds maintains responsibility for all recordkeeping and reporting requirements, and must disclose the recordkeeping and reporting requirements to the vehicle renter or lessee. The lease or rental agreement must include all commitments needed from the lessee or renter to ensure that:

1. The vehicle operates primarily in California as required by the contract with SJVAPCD; and
2. The lease must ensure that all required annual activity reports are submitted to SJVAPCD.

SJVAPCD, CARB or its designees reserve the right to review lease or rental agreements to confirm appropriate disclosures are made regarding VW Mitigation Trust Funds received and vehicle activity and reporting requirements. Selected applicants must provide SJVAPCD, CARB, or its designee all requested information related to any vehicle purchased with VW Mitigation Trust Funds (including lease or rental agreements) within ten days of SJVAPCD or CARB's written request for such information. The selected applicant (i.e. the lessor for lease agreements) is responsible for ensuring annual activity reports are accurate and are submitted as required. SJVAPCD provides a contract at time of vehicle purchase only, and not at the time a vehicle is leased or rented.

III. Project Non-Performance

SJVAPCD, CARB or its designee has the authority to recoup VW Mitigation Trust Funds received based upon misinformation or fraud, or for which SJVAPCD or its subcontractors, a dealership, manufacturer, or vehicle purchaser is in significant or

continual non-compliance with this Implementation Manual or State law. SJVAPCD and CARB also retains the authority to prohibit any entity from participating in other incentive programs due to non-compliance with project requirements.