



This Contract consists of 24 pages.

1. PARTIES

The parties to this contract ("Contract") are the South Coast Air Quality Management District (referred to here as "Program Administrator" or "SCAQMD") whose address is 21865 Copley Drive, Diamond Bar, California 91765-4178, and County Sanitation District No. 2 of Los Angeles County (referred to here as "CONTRACTOR") whose address is 1955 Workman Mill Road, Whittier, California 90601.

2. RECITALS

- A. The Volkswagen ("VW") Environmental Mitigation Trust provides approximately \$423 million for California to mitigate the excess nitrogen oxide ("NOx") emissions caused by VW's use of illegal emissions testing defeat devices in certain 2.0L and 3.0L VW diesel vehicles. On May 25, 2018, the California Air Resources Board ("CARB") approved the Beneficiary Mitigation Plan ("BMP") for the VW Environmental Mitigation Trust. This plan identifies five funding categories for the State's \$423 million allocation of the VW Environmental Mitigation Trust. The funded projects are intended to mitigate the excess NOx emissions caused by the VW vehicles. CARB has identified the SCAQMD as the statewide Program Administrator for the following two project funding categories: Zero Emission Class 8 Freight and Port Drayage Trucks and Combustion Freight and Marine Projects. The other three project funding categories in the BMP will be administered statewide by the San Joaquin Valley Air Pollution Control District and the Bay Area Air Quality Management District. Funding through the VW Environmental Mitigation Trust Program ("Program") for the Combustion Freight and Marine Projects and Zero Emission Class 8 Freight and Port Drayage Trucks will be available statewide for "scrap and replace" projects in the heavy-duty sector, including on-road freight (and drayage) trucks, dump trucks, concrete mixers, waste haulers, commercial marine vessels, and freight switcher locomotives. The applicable Consent Decrees and BMP may be obtained from the Program Administrator's VW website at <http://www.aqmd.gov/vw> or at CARB's website at: <https://ww2.arb.ca.gov/our-work/programs/volkswagen-environmental-mitigation-trust-california>.
- B. Through this Contract, CONTRACTOR agrees to participate in the Program, and Program Administrator agrees to partially fund the project described in Attachment 1 – Statement of Work ("Project"), attached hereto and made a part hereof, to generate NOx emission reductions within the State of California.
- C. All parties to this Contract have had the opportunity to have this Contract reviewed by their attorney.
- D. "Equipment," as used in this Contract, means the equipment described in Attachment 1 – Statement of Work and funded in part by this Contract, which may include, but is not limited to, Class 7 and 8 freight trucks (including drayage trucks, dump trucks, concrete mixers, and waste haulers), ferries, tugboats, towboats, switcher locomotives, and engines, as applicable.
- E. This Contract may be funded in whole or in part by the Program Administrator based on the terms, conditions and requirements specified herein, and contingent upon approval by CARB. CONTRACTOR agrees that in addition to the Program Administrator, CARB and its designee may monitor and enforce the terms of this Contract.

3. PERFORMANCE REQUIREMENTS

- A. CONTRACTOR agrees to obtain and maintain the required licenses, permits, and all other appropriate legal authorizations from all applicable federal, state and local jurisdictions and pay all applicable fees. CONTRACTOR further agrees to immediately notify Program Administrator in writing of any change in

its licensing status which has a material impact on the CONTRACTOR's performance under this Contract.

- B. CONTRACTOR shall submit reports to Program Administrator as outlined in Attachment 1 - Statement of Work. Program Administrator reserves the right to review, comment, and request changes to any report produced as a result of this Contract.
- C. CONTRACTOR shall perform all tasks set forth in Attachment 1 – Statement of Work, and CONTRACTOR represents and warrants that it has no business, professional, personal or other interest that would conflict in any manner or degree with the performance of its obligations under this Contract. If any such actual or potential conflict of interest arises during the term of this Contract, CONTRACTOR shall immediately inform Program Administrator in writing, and Program Administrator may, in its sole judgment, terminate this Contract immediately upon written notice to CONTRACTOR.
- D. CONTRACTOR shall require its subcontractors to abide by the requirements set forth in this Contract.

4. TERM

The term of this Contract is from the last date of execution by the parties, which shall be considered the effective date ("Contract Effective Date"), to February 1, 2027, unless it terminates earlier as provided in Clause 7 – Termination. CONTRACTOR assumes all financial risk and is in no way guaranteed Contract funds for this Project prior to the effective date of this Contract. The Contract term shall encompass both the project completion and project implementation/life periods, as referenced in Attachment 1 – Statement of Work, whichever is longer, to ensure that the Program Administrator and CARB can fully enforce this Contract during the life of this Volkswagen Environmental Mitigation Trust Program-funded Project.

- A. Project Completion – Project completion is the time frame starting with the effective date of this Contract to the date of project completion, i.e., the date the Project becomes operational as set forth in Attachment 1A – Project Milestones. This includes the time period when the Equipment described in Attachment 1 – Statement of Work is ordered, delivered and/or installed, as applicable.
- B. Project Implementation/Life – The project implementation time frame is the second part of the Contract term and equals the project life, which is the number of years that the Equipment must operate as specified in Attachment 1 – Statement of Work to obtain emission reductions. CONTRACTOR is required to operate and maintain the Equipment according to the terms of this Contract for the full project implementation period.

5. TIME PERIOD FOR CONTRACT EXECUTION

This Contract must be signed by the CONTRACTOR and received by Program Administrator no later than the deadline set forth in Attachment 1A – Project Milestones. Failure to timely sign and upload electronically the Contract to Program Administrator's Volkswagen Grant Management System ("GMS") may result in the withdrawal of the award.

6. TIME IS OF THE ESSENCE

Time is of the essence with respect to all provisions of this Contract that specify a time for performance.

7. TERMINATION

- A. CONTRACTOR's failure to comply with any term or condition of this Contract shall constitute a material breach of this Contract. The Program Administrator will either notify the CONTRACTOR that it must timely cure this breach or provide ten (10) calendar days' written notification of Program Administrator's

- intention to terminate this Contract and invoke the penalties under Clause 19. The Program Administrator reserves all rights under law and equity to enforce this Contract and to recover damages.
- B. Notwithstanding Clause 7.A., this Contract may be terminated prior to completion of the Contract term if the Equipment becomes inoperable through mechanical failure of components or systems and cannot be repaired or replaced and such failure is not caused by CONTRACTOR's negligence, misuse or malfeasance, or if the Equipment has been stolen or totaled in an accident, as confirmed by a police report and/or an insurance determination of loss due to theft or accident. CONTRACTOR shall provide supporting documentation (e.g. salvage title, policy report, insurance company determination, copy of insurance company reimbursement quote/check, and/or other) to Program Administrator exhibiting that the Equipment was accidentally rendered inoperable or stolen. CONTRACTOR shall submit written documentation supporting any basis for early termination under this sub-Clause for the approval of Program Administrator. Should this Contract be terminated under this sub-Clause, CONTRACTOR shall return to Program Administrator a prorated share of the funds already paid under this Contract using the formula established in Clause 10.B. below.
 - C. Program Administrator reserves the right to terminate this Contract, in whole or in part, without cause, upon thirty (30) calendar days' written notice. Once such notice has been given, CONTRACTOR shall, except as otherwise directed by Program Administrator, discontinue any work being performed under this Contract and cancel all of CONTRACTOR'S orders in connection with such work, and shall use its best efforts to terminate existing subcontracts upon terms satisfactory to the Program Administrator. Thereafter, CONTRACTOR shall perform only such services as may be necessary to preserve and protect any work already in progress and to dispose of any property as requested by Program Administrator. CONTRACTOR shall also promptly deliver to Program Administrator all copies of documentation and other information and data prepared or developed by CONTRACTOR under this Contract. CONTRACTOR will be paid in accordance with this Contract for work performed before the effective date of termination.
 - D. Should CONTRACTOR terminate this Contract in whole or in part prior to the completion of the Contract term for reasons other than those stated in sub-Clause 7B, CONTRACTOR shall return to Program Administrator a prorated share of the funds already paid under this Contract using the formula in Clause 10.A. below.
 - E. CONTRACTOR may request to withdraw or cancel this Contract without any obligation, prior to the payment of Contract funds. CONTRACTOR shall submit the request to the Program Administrator in writing. Reinstatement of a withdrawn or cancelled Project is at Program Administrator's sole discretion.
8. STOP WORK
Program Administrator may, at any time, by written notice to CONTRACTOR, require CONTRACTOR to stop all or any part of the work tasks in this Contract. A stop work order may be issued for reasons including, but not limited to, the Project exceeding the budget, out of scope work, delay in project schedule, or misrepresentations. Upon receipt of the stop work order, CONTRACTOR shall immediately take all necessary steps to comply with the order. CONTRACTOR shall resume the work only upon receipt of written instructions from Program Administrator cancelling the stop work order. CONTRACTOR agrees and understands that CONTRACTOR will not be paid for performing work while the stop work order is in effect, unless Program Administrator agrees to do so in its written cancellation of the stop work order.

9. EQUIPMENT OWNERSHIP

CONTRACTOR must own and operate the Equipment in California for a minimum of three years from the date the Equipment is placed into service.

10. RETURN OF FUNDS FOR FAILURE TO OPERATE EQUIPMENT OR SUBMIT REPORTS

- A. If CONTRACTOR fails to operate Equipment or submit the annual reports as required by the Contract, CONTRACTOR shall reimburse the Program Administrator in accordance with the reimbursement formula provided below.

Reimbursement Amount = (Contract Value/Thirty-six Months) x (Thirty-Six Months – Months Since Equipment In Service Date)

- B. Equipment Accidentally Rendered Inoperable or Stolen – CONTRACTOR may replace the inoperable or stolen Equipment with equipment certified to equal or lower emission levels, and continue with the term of the original Contract, upon the prior written consent of Program Administrator. Alternatively, CONTRACTOR may request to terminate the Contract pursuant to Clause 7.B. and remit the following amount to the Program Administrator:

Insurance reimbursement amount (minus any lien amount), or Reimbursement Amount in accordance with the reimbursement formula provided above in Clause 10.A., whichever is higher.

- C. Contract Buy-Out – Pursuant to Clause 7.D., CONTRACTOR may request to buy out the remaining time on the Contract prior to the end of the Contract term. The Contract buy-out amount shall be the amount due to Program Administrator as calculated in Clause 10.A.

11. ASSIGNMENT AND TRANSFER OF EQUIPMENT

- A. The rights and responsibilities granted hereby may not be assigned, sold, licensed, or otherwise transferred by CONTRACTOR without the prior written consent of Program Administrator, and any attempt by CONTRACTOR to do so shall be void upon inception.
- B. CONTRACTOR agrees to obtain Program Administrator's written consent to any assignment, sale, license or transfer of ownership (collectively, "Transfer") of the Equipment, prior to completing the transaction. CONTRACTOR shall notify Program Administrator 30 calendar days prior to the Transfer of the Equipment for approval. The Equipment cannot go through more than one Transfer transaction. CONTRACTOR shall inform the proposed assignee, buyer, licensee or transferee (collectively referred to here as "Buyer") of the terms of this Contract. CONTRACTOR is responsible for establishing contact between Program Administrator and the Buyer and shall assist Program Administrator in facilitating the transfer of this Contract's terms and conditions to the Buyer. CONTRACTOR will not be relieved of his or her legal obligation to fulfill the terms and conditions of this Contract until and unless the Buyer has assumed responsibility of this Contract's terms and conditions through an executed contract with Program Administrator. CONTRACTOR will notify Program Administrator within 7 calendar days of the Transfer of the Equipment. If Buyer fails to assume responsibility of this Contract through an executed contract with Program Administrator, CONTRACTOR shall return a prorated share of the funds paid out under this Contract as calculated under Clause 10.A.
- C. If CONTRACTOR chooses to replace the Equipment for any reason prior to the end of the Equipment project life, CONTRACTOR shall notify Program Administrator in writing and receive prior consent for

the transaction from Program Administrator. Prior to completing the replacement transaction, CONTRACTOR shall make the replacement Equipment available for inspection by Program Administrator to verify it meets Program requirements.

12. INSURANCE AND WARRANTY

CONTRACTOR must demonstrate proof of warranty and insurance for the Equipment specified in Attachment 1 – Statement of Work. CONTRACTOR shall:

- A. Furnish evidence to Program Administrator of workers' compensation insurance for each of its employees, in accordance with either California or other states' applicable statutory requirements prior to commencement of any work on this Contract.
- B. Furnish evidence to Program Administrator of general liability insurance with minimum coverage limits of at least equal to the replacement value of the Equipment prior to commencement of any work on this Contract. Program Administrator must be named as additional insured on any such liability policy, and thirty (30) calendar days written notice prior to cancellation of any such insurance shall be given by CONTRACTOR to Program Administrator.
- C. Furnish evidence to Program Administrator of automobile liability insurance with minimum coverage limits of at least equal to the replacement value of the Equipment prior to commencement of any work on this Contract. Program Administrator must be named as additional insured on any such liability policy, and thirty (30) calendar days written notice prior to cancellation of any such insurance shall be given by CONTRACTOR to Program Administrator.
- D. Provide updates on the insurance coverage throughout the term of the Contract to ensure that there is no break in coverage during the period of Contract performance. Failure to provide evidence of current coverage shall be grounds for termination for breach of Contract.
- E. Require its subcontractors to comply with the above-mentioned insurance requirements and, except for workers compensation, to name Program Administrator as additional insured for the above-mentioned insurance policies.
- F. If CONTRACTOR fails to maintain the required insurance coverage set forth above, Program Administrator reserves the right either to purchase such additional insurance and to deduct the cost thereof from any payments owed to CONTRACTOR or terminate this Contract for breach.
- G. All insurance certificates must be sent to Program Administrator Risk Management, by email (insurancecertificate@aqmd.gov) and must also be uploaded into the GMS. **The Program Administrator Contract Number must be included on the face of the certificate.**

13. INDEMNIFICATION

CONTRACTOR agrees to hold harmless, defend and indemnify Program Administrator, State of California, CARB and their respective officers, employees, agents, representatives and successors-in-interest against any and all loss, damage, costs, lawsuits, claims, demands, causes of action, judgments, attorney's fees, or any other expenses arising from or related to any third party claim against Program Administrator, State of California, CARB and their officers, employees, agents, representatives or successors in interest that arise or result in whole or in part, from any actual or alleged act or omission of CONTRACTOR, its employees, subcontractors, agents or representatives in the performance of this Contract. This Indemnification Clause shall survive the expiration or termination (for any reason) of the Contract and shall remain in full force and effect.

14. COMPLIANCE WITH PROGRAM ANNOUNCEMENT, BENEFICIARY MITIGATION PLAN AND CONSENT DECREES

CONTRACTOR shall comply with the applicable SCAQMD Program Announcement, CARB's BMP, and Consent Decrees, which include, but are not limited to, the following:

- A. CONTRACTOR shall take delivery of and place Equipment in operation by the date specified in the Contract, unless an extension has been approved by the Program Administrator in writing.
- B. Emission reductions from Equipment funded under this Contract are not required by any local, state and/or federal rule or regulation, memorandum of understanding/agreement, settlement agreement, mitigation requirement, or other legal mandate.
- C. The Equipment is certified and/or verified in accordance with Attachment 1 – Statement of Work. No payment will be made under this Contract until and unless CONTRACTOR submits the required certifications and/or verifications to Program Administrator. All required/requested documents for the Equipment shall be provided to Program Administrator prior to payment.
- D. No emission reductions generated by Equipment funded under this Contract may be used as marketable emission reduction credits, or to offset any emission reduction obligation of any person or entity. All emission reductions generated from the expenditure of Contract funds may be used for meeting the attainment schedule contained in the applicable State Implementation Plan or California greenhouse gas reduction targets.
- E. Switcher locomotives and trucks funded by this Contract may be pre-ordered prior to Contract execution at the Equipment owner's risk. However, the Equipment can only be purchased once the existing equipment has been pre-inspected and the Contract is signed between the Equipment owner and Program Administrator.
- F. Harbor craft funding categories funded under this Contract can only be purchased or ordered once the existing equipment has been pre-inspected and the Contract is signed between the Equipment owner and Program Administrator.
- G. For all repower or replacement projects, the existing (old) engine(s) or replaced equipment (including frame and engine) must be physically destroyed in such a manner to eliminate the possibility of future operation in accordance with the applicable SCAQMD Program Announcement, CARB's BMP, Consent Decrees and Attachment 1 – Statement of Work. There must be no cannibalization of parts from the old Equipment.
- H. For repower projects, the installation of the engine must be completed in a manner such that it does not void the engine warranty provided by the manufacturer and any remaining warranty provided by the equipment manufacturer.
- I. In signing this Contract, CONTRACTOR certifies that the Equipment is in compliance with all applicable federal state, and local air quality rules and regulations at the time of Contract execution, and that it will maintain compliance for the full Contract term.

15. PROGRAM APPLICATION INCORPORATION

CONTRACTOR's Volkswagen Environmental Mitigation Trust Program application in response to Solicitation #PA2021-01 issued by Program Administrator on August 7, 2020, including any additional information submitted by CONTRACTOR during the application evaluation period, is hereby incorporated by reference and made part of this Contract. In the event of a conflict between the terms and conditions of this Contract and CONTRACTOR's application, this Contract shall govern.

16. MAINTENANCE OF EQUIPMENT

CONTRACTOR shall ensure that the Equipment is maintained in good operating condition and in accordance with the manufacturer's specifications for the Project life and in accordance with Attachment 1 – Statement of Work. No tampering with the Equipment is permitted.

17. INSPECTIONS/REMOTE-INSPECTIONS

- A. For the purposes of the Program, an inspection can be performed physically by the Program Administrator or its designee or performed remotely by the Program Administrator and CONTRACTOR authorized representative.
- B. For all remote inspections conducted for the Program, the Program Administrator and CONTRACTOR authorized individual or individuals performing the remote inspections shall be provided remote inspection instructions, forms, and checklists in a digital format. Remote inspection forms shall be factual, accurate, and complete upon submission to the Program Administrator.
- C. A Pre-Inspection shall be conducted by the Program Administrator or its designee, or a remote Pre-Inspection shall be conducted by the Program Administrator and CONTRACTOR authorized representative on existing (old) equipment (including engines and vehicles) to verify that CONTRACTOR has met all requirements of the Program regarding eligibility of the existing equipment. This includes documentation of the following, at a minimum: type of Equipment, operational condition, mileage (or hour meter reading), vehicle, equipment, and engine identification. This Contract may be modified or terminated based upon the results of the Pre-Inspection or Remote Pre-Inspection, including, but not limited to, a Program Administrator determination that: the existing equipment is non-operational; does not match the information submitted as part of the application (i.e. vehicle make, model, model-year, engine type, horsepower, model year, etc.); or other factors exist that would not result in the calculated real, quantifiable and early or extra emission reductions.
- D. A Post-Inspection shall be conducted by the Program Administrator or its designee, or a remote Post-Inspection shall be conducted by the Program Administrator and CONTRACTOR authorized representative after receipt of the invoice from the CONTRACTOR or dealer. Program Administrator must verify that CONTRACTOR has met all applicable requirements of the Program and this Contract prior to payment under this Contract. Program Administrator must, at minimum, verify that: Project specified in the Statement of Work has/have been installed; that the Equipment is operational; and, where applicable, that the existing (old) equipment has/have been destroyed and rendered useless and there is no evidence of cannibalization of parts from the old equipment. For all projects, the post-inspection shall occur no later than 60 calendar days after the old equipment/engine is delivered to a certified dismantler and replacement equipment/engine is fully operational.

18. RECORDS RETENTION, ON-SITE INSPECTIONS AND AUDIT

- A. CONTRACTOR agrees to the following Records Retention Period: retain all records pertaining to the Program e.g., invoices, contracts, supporting documentation, annual reports and correspondence, for the term of this Contract plus three additional years.
- B. Program Administrator, CARB or its designee(s) shall have the right to conduct on-site inspections of the Project and to audit records related to this Contract during the Records Retention Period. CONTRACTOR agrees to include a similar right for Program Administrator to conduct on-site inspections and audits in any related subcontract.
- C. If an amount is found to be inappropriately expended, CONTRACTOR shall reimburse Program Administrator, or Program Administrator may withhold payment from CONTRACTOR, as applicable, in

the amount equal to the amount which was inappropriately expended. Such withholding or reimbursement shall not be construed as Program Administrator's sole remedy and shall not relieve CONTRACTOR of its obligation to perform under the terms of this Contract.

19. REMEDIES AND ENFORCEMENT OF CONTRACT TERMS

- A. Program Administrator will seek whatever legal, equitable and other remedies are available for CONTRACTOR's failure to comply with the terms of this Contract, including the Program criteria and requirements as listed in the Program Announcement, BMP, or Consent Decrees.
- B. Nonperformance under this Contract includes, but is not limited to: failure to meet Contract terms and conditions; non-operational, damaged or malfunctioning Equipment; failure to operate or maintain Equipment in accordance with manufacturer's recommendations, intentional destruction of Equipment, failure to meet Project completion deadlines; misuse of direct payments to vendors; insufficient, incomplete, or faulty documentation; failure to complete a satisfactory pre-inspection; and failure to provide documentation or reports in a timely manner.
- C. Program Administrator and CARB may seek any and all remedies available at law and equity for non-performance, which may include but is not limited to: recovery of all or a portion of Contract funds; other fiscal penalties based on severity of non-performance; Contract termination; and/or a ban on participation in Program Administrator incentive programs.

20. REPORTING REQUIREMENTS

- A. CONTRACTOR shall submit reports in accordance with Attachments 1, 1A and 1B, attached here to and made a part hereof.
- B. CONTRACTOR will be required to maintain records during the full Contract period, which will include a minimum of three years during the Contract term, plus three years after the Contract term.
- C. All Equipment must operate in the state of California for the minimum percentage stated in Attachment 1 – Statement of Work, for the full Contract term.
- D. Non-compliance with the reporting requirements of this Contract may result in the implementation of on-site monitoring by the Program Administrator, in addition to any other remedies available to the Program Administrator.

21. SUCCESSORS-IN-INTEREST

This Contract shall be binding on and inure to the benefit of each party's heirs, executors, administrators, successors, and assigns.

22. OTHER FUNDS

CONTRACTOR shall disclose all sources of funding and/or financial incentives, including tax credits or deductions that will be used for the Project. The disclosure shall identify the source of funds, amount of funding or value of the financial incentive, and what the funding will be used for. CONTRACTOR shall not apply for funding for the same Equipment with any other funding source which claims the same emission reductions. Failure to disclose all sources of funding and/or financial incentives for the Project may result in CONTRACTOR being disqualified from receiving any funding from the Program and/or CONTRACTOR may be required to return any and all funds paid under this Contract.

23. PAYMENT

- A. Program Administrator shall reimburse CONTRACTOR an amount not to exceed One Million Dollars (\$1,000,000) as provided in Attachment 2 – Payment Schedule, attached hereto and made a part hereof, for work performed as specified in Attachment 1 – Statement of Work. “Reimbursement” means payment of money actually spent by CONTRACTOR for the purchase and/or installation of eligible services, materials and equipment for the Project in accordance with the Program Announcement, BMP, and Consent Decrees.
- B. The CONTRACTOR may choose to have the payment sent directly to vendor, including vehicle or equipment dealers or manufacturers, or third-party financing entities (i.e. banks or financing companies), or provide Program Administrator with proof of payment to equipment dealers or manufacturers, or third-party financing entities in order to be reimbursed.
- C. Payment under this Contract will be made within thirty (30) business calendar days after CONTRACTOR submits, and Program Administrator approves (which approval Program Administrator will not unreasonably withhold), the required itemized invoice(s) and after Program Administrator verifies that the Project has been completed according to the terms of this Contract and is fully operational as determined by the Program Administrator’s Post-Inspection, unless otherwise specified in Attachment 2 – Payment Schedule. The itemized invoices must include enough detail to ensure that only eligible project costs are paid, in accordance with the Program Announcement, BMP, Consent Decrees and Attachment 2. Each invoice must be prepared on company letterhead, and list Program Administrator’s Contract number, period covered by invoice and any other specific information required as set forth in Attachment 2.
- D. Any payments required under this Contract are contingent upon Program Administrator’s receipt of funds from CARB in the amount of the required payments.
- E. Program Administrator may de-obligate from the Contract funds that remain unexpended pursuant to the Contract upon thirty (30) calendar days’ written notice to CONTRACTOR.

24. NO LEASE-TO-OWN AGREEMENTS

CONTRACTOR may not enter into any lease-to-own agreements for any Equipment funded in whole or in part under this Contract. Failure to comply with this provision shall result in CONTRACTOR returning some or all of the Contract funds, as determined by Program Administrator at its sole discretion. CONTRACTOR shall ensure that the provisions of this clause are included in all subcontracts.

25. COMPLIANCE WITH APPLICABLE LAWS

CONTRACTOR agrees to comply with all federal, state, and local laws, ordinances, codes and regulations and orders of public authorities in the performance of this Contract. CONTRACTOR must also ensure that Equipment to be purchased, leased or installed in the performance of this Contract are in compliance with all applicable federal, state, and local air quality rules and regulations, and that it will maintain compliance for the full Contract term. CONTRACTOR shall ensure that the provisions of this clause are included in all subcontracts.

26. VIOLATION OF LABOR LAWS

CONTRACTOR shall promptly notify Program Administrator in writing if CONTRACTOR has been found by a court or federal or state agency to have violated labor laws. CONTRACTOR shall complete a yearly certification in which CONTRACTOR shall either state it has not been found by a court or federal or state agency to have violated labor laws or, if such violations have been found, CONTRACTOR shall give Program

Administrator details about those violations in the certification. If CONTRACTOR has previously provided that information to the Program Administrator, it shall reattach that previous notification to the certification and provide any additional details about those violations that have not previously been provided. CONTRACTOR's yearly certification shall be due at the same time as the annual progress report(s) set forth in Attachment 1A - Project Milestones. Program Administrator reserves the right to terminate this Contract upon such a finding, and CONTRACTOR shall, at Program Administrator's request, return any and all Contract funds, as determined by Program Administrator. CONTRACTOR shall ensure that the provisions of this clause are included in all subcontracts.

27. NOTICES

All notices that are required under this Contract shall be provided in the manner set forth herein, unless specified otherwise. Notice to a party shall be delivered to the attention of the person listed below, or to such other person or persons as may hereafter be designated by that party in writing. Notice shall be in writing sent by email, U.S. Mail, express, certified, return receipt requested, or a nationally recognized overnight courier service. In the case of email communications, valid notice shall be deemed to have been delivered upon sending, provided the sender obtained an electronic confirmation of delivery. Email communications shall be deemed to have been received on the date of such transmission, provided such date was a business day (Tuesday-Friday) and delivered prior to 5:30 p.m. Pacific Standard Time. Otherwise, receipt of email communications shall be deemed to have occurred on the following business day. In the case of U.S. Mail notice, notice shall be deemed to be received when delivered or seven (7) calendar days after deposit in the U. S. Mail. In the case of a nationally recognized overnight courier service, notice shall be deemed received when delivered (written receipt of delivery).

PROGRAM ADMINISTRATOR: South Coast Air Quality Management District
21865 Copley Drive
Diamond Bar, CA 91765-4178
Attn: Ping Gui, Technology Advancement Office
Email: pgui@aqmd.gov

CONTRACTOR: County Sanitation District No. 2 of Los Angeles County
1955 Workman Mill Road
Whittier CA, 90601
Attn: Diane Engler
Email: dianeengler@lacsdsd.org

28. INDEPENDENT CONTRACTOR

CONTRACTOR is an independent contractor. CONTRACTOR, its officers, employees, agents, representatives, or subcontractors shall in no sense be considered employees or agents of Program Administrator or CARB, nor shall CONTRACTOR, its officers, employees, agents, representatives, contractors or subcontractors be entitled to or eligible to participate in any benefits, privileges, or plans, given or extended by Program Administrator to its employees. Program Administrator will not supervise, direct, or have control over, or be responsible for, CONTRACTOR's or subcontractor's means, methods, techniques, work sequences or procedures or for the safety precautions and programs incident thereto, or for any failure by them to comply with any local, state, or federal laws, or rules or regulations, including state minimum wage laws and OSHA requirements. CONTRACTOR shall promptly notify Program Administrator of any

material changes to subcontracts that affect the Project's scope of work, deliverable schedule, and/or payment/cost schedule.

29. SUBCONTRACTOR APPROVAL

If CONTRACTOR intends to subcontract all or a portion of the work under this Contract, then CONTRACTOR must first obtain written approval from Program Administrator's Executive Officer or designee prior to subcontracting any work. Such prior approval applies only to subcontractors not already included in Attachment 1 – Statement of Work. Any material changes to the subcontract(s) that affect the scope of work, deliverable schedule, and/or payment/cost schedule shall also require the prior written approval of the Executive Officer or designee. No subcontract charges will be reimbursed unless the required approvals have been obtained from Program Administrator.

30. SECURITY INTEREST

CONTRACTOR hereby grants Program Administrator a security interest in the Equipment, which is purchased in whole or in part with funding provided by Program Administrator pursuant to this Contract. CONTRACTOR acknowledges and agrees that Program Administrator shall have all lien rights as a secured creditor on the Equipment purchased in whole or in part by the CONTRACTOR, under this Contract or any amendments thereto. The Program Administrator shall have lien rights in effect until the CONTRACTOR satisfies all terms under the Contract, including but not limited to, the use and reporting requirements. **Accordingly, CONTRACTOR further agrees that Program Administrator is authorized to file a UCC filing statement or similar security instrument to secure its interests in the Equipment that is the subject of the Contract.** In the event the Equipment is repossessed or CONTRACTOR files for dissolution or bankruptcy protection, CONTRACTOR shall notify Program Administrator within 14 calendar days of such repossession or filing.

31. INTELLECTUAL PROPERTY RIGHTS

Title and full ownership rights to any intellectual property developed under this Contract shall at all times remain with Program Administrator. Such material is agreed to be Program Administrator's proprietary information.

- A. Rights of Technical Data - Program Administrator shall have the unlimited right to use technical data, including material designated as a trade secret, resulting from the performance of services by CONTRACTOR under this Contract. CONTRACTOR shall have the right to use data for its own benefit.
- B. Copyright - CONTRACTOR agrees to grant Program Administrator a royalty free, nonexclusive, irrevocable license to produce, translate, publish, use, and dispose of all copyrightable material first produced or composed in the performance of this Contract.

32. PUBLICATION

- A. Program Administrator shall have the right of prior written approval of any document which shall be disseminated to the public by CONTRACTOR in which CONTRACTOR utilized information obtained from Program Administrator in connection with performance under this Contract.
- B. Information, data, documents, photographs or reports developed by CONTRACTOR for Program Administrator, pursuant to this Contract, shall be part of Program Administrator's public record unless otherwise indicated. CONTRACTOR may use or publish, at its own expense, such information provided to Program Administrator. The following acknowledgment of support and disclaimer must appear in each publication of materials, whether copyrighted or not, based upon or developed under this Contract.

"This report was prepared as a result of work sponsored, paid for, in whole or in part, by the Volkswagen Environmental Mitigation Trust's Program Administrator (South Coast Air Quality Management District). The opinions, findings, conclusions, and recommendations are those of the author and do not necessarily represent the views of the Program Administrator. The Program Administrator, its officers and its employees make no warranty, expressed or implied, and assume no legal liability for the information in this report. The Program Administrator has not approved or disapproved this report, nor has the Program Administrator passed upon the accuracy or adequacy of the information contained herein."

- C. CONTRACTOR shall ensure that the Volkswagen Environmental Mitigation Trust Program is clearly identified as a sponsor or source of funding in all of its documents, reports, brochures, advertising and other material relating to this Project.

33. NON-DISCRIMINATION

In the performance of this Contract, CONTRACTOR shall not unlawfully discriminate, harass or allow harassment, against any employee or applicant for employment on the basis of race, religious creed, color, national origin, ancestry, sex, sexual orientation, age, mental status, medical condition, physical or mental disability, or allow unlawful denial of family and medical care leave, denial of pregnancy disability leave, or reasonable accommodations. CONTRACTOR shall comply with the provisions of the California Fair Employment & Housing Act (Government Code Section 12900 et seq.), the Federal Civil Rights Act of 1964 (P.L. 88-352) and all amendments thereto, Executive Order No. 11246 (30 Federal Register 12319), and all administrative rules and regulations issued pursuant to said Acts and Order.

34. NON-EFFECT OF WAIVER

The failure of CONTRACTOR or Program Administrator to insist upon the performance of any or all of the terms, covenants, or conditions of this Contract, or failure to exercise any rights or remedies hereunder, shall not be construed as a waiver or relinquishment of the future performance of any such terms, covenants, or conditions, or of the future exercise of such rights or remedies, unless otherwise provided for herein.

35. ATTORNEYS' FEES

In the event any action is filed in connection with the enforcement or interpretation of this Contract, each party shall bear its own attorneys' fees and costs.

36. FORCE MAJEURE

A party shall not be liable or deemed to be in default for any delay or failure in performance under this Contract or interruption of services resulting, directly or indirectly, from acts of God, civil or military authority, acts of public enemy, war, strikes, labor disputes, shortages of suitable parts, materials, labor or transportation, or any similar cause beyond the party's reasonable control.

37. SEVERABILITY

In the event that any one or more of the provisions contained in this Contract 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 Contract, and the Contract shall then be construed as if such unenforceable provisions are not a part hereof.

38. HEADINGS

Headings on the Clauses of this Contract are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Contract.

39. SIGNATURES

This Contract may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute together one and the same instrument. Further, the parties agree that this Contract or any counterpart may be executed and delivered by DocuSign, or by transmitting a manual signature by fax or .pdf, which shall have the same force and effect as copies executed and delivered with original manual signatures.

40. GOVERNING LAW

This Contract shall be construed and interpreted and the legal relations created thereby shall be determined in accordance with the laws of the State of California. Venue for resolution of any disputes under this Contract shall be Los Angeles County, California.

41. CITIZENSHIP AND ALIEN STATUS

- A. CONTRACTOR warrants that it fully complies with all laws regarding the employment of aliens and others, and that its employees performing services hereunder meet the citizenship or alien status requirements contained in federal and state statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986 (P.L. 99-603). CONTRACTOR shall obtain from all covered employees performing services hereunder all verification and other documentation of employees' eligibility status required by federal statutes and regulations as they currently exist and as they may be hereafter amended. CONTRACTOR shall have a continuing obligation to verify and document the continuing employment authorization and authorized alien status of employees performing services under this Contract to ensure continued compliance with all federal statutes and regulations. Notwithstanding the above, CONTRACTOR, in the performance of this Contract, shall not discriminate against any person in violation of 8 USC Section 1324b.
- B. CONTRACTOR shall retain such documentation for all covered employees for the period described by law. CONTRACTOR shall indemnify, defend, and hold harmless Program Administrator and CARB, its officers and employees from employer sanctions and other liability which may be assessed against CONTRACTOR or Program Administrator, or both in connection with any alleged violation of federal statutes or regulations pertaining to the eligibility for employment of persons performing services under this Contract.

42. TAX IMPLICATIONS FROM RECEIPT OF PROGRAM FUNDS

CONTRACTOR is advised to consult a tax attorney regarding potential tax implications from receipt of funds under this Contract, which may include receipt of a "1099G" form.

43. AMENDMENTS TO CONTRACT

This Contract shall only be amended by mutual agreement, in writing and signed by the authorized representatives of all parties.

44. DISCLAIMER OF WARRANTY

The decision to participate in the Program and to purchase Program-eligible Equipment is CONTRACTOR's decision. **Program Administrator does not make any express or implied warranty of merchantability, fitness for a particular purpose or otherwise, quality or usefulness of the technology or Equipment.** Program Administrator will not be financially responsible or otherwise liable for the installation or performance of the Equipment.

45. ENTIRE CONTRACT

- A. This Contract and its Attachments represent the entire agreement between the Parties.
- B. By executing this Contract, CONTRACTOR understands and agrees to implement the Project according to the terms of the Contract and to cooperate with the Program Administrator and CARB for implementation, monitoring, enforcement and other efforts to assure the emissions benefits are real, quantifiable and enforceable. There are no understandings, representations, or warranties of any kind except as expressly set forth herein. No waiver, alteration, or modification of any of the provisions herein shall be binding on any party unless in writing and signed by the authorized representatives of the party against whom enforcement of such waiver, alteration or modification is sought. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Contract by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

46. AUTHORITY

The signator hereto represents and warrants that he or she is authorized and empowered and has the legal capacity to execute this Contract and to legally bind CONTRACTOR both in an operational and financial capacity and that the requirements and obligations under this Contract are legally enforceable and binding on CONTRACTOR.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties to this Contract have caused this Contract to be duly executed on their behalf by their authorized representatives.

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

COUNTY SANITATION DISTRICT NO. 2 OF
LOS ANGELES COUNTY

By: _____
Ben J. Benoit, Chair, Governing Board

By: _____
Name:
Title: Chairperson, Board of Directors

Date: _____

Date: _____

ATTEST:
Faye Thomas, Clerk of the Board

ATTEST:

By: _____

By: _____
Secretary to the Board

APPROVED AS TO FORM:
Bayron T. Gilchrist, General Counsel

APPROVED AS TO FORM:
Lewis, Brisbois, Bisgaard & Smith LLP

By: Barbara Baird

By: _____
District Counsel



ATTACHMENT 1

**STATEMENT OF WORK ON-ROAD
VOLKSWAGEN ENVIRONMENTAL MITIGATION TRUST PROGRAM
COUNTY SANITATION DISTRICT NO. 2 OF LOS ANGELES COUNTY**

This Contract is intended to mitigate the excess nitrogen oxides (NOx) emissions caused by Volkswagen (VW) vehicles utilizing illegal defeat devices in certain 2.0 and 3.0-liter vehicles. The project involves the replacement or repower of in-use, older vehicle/engine with a new vehicle/engine certified by the California Air Resources Board (CARB) to meet the 0.02 g/bhp-hr NOx optional standard or cleaner, or with a zero-emission vehicle, as specified in Table 1, funded by the VW Environmental Mitigation Trust. The South Coast Air Quality Management District is the Program Administrator for this Contract.

Accordingly, CONTRACTOR agrees to replace or repower the existing vehicle/engine identified in Table 1 with a vehicle/ engine certified by CARB at or below the 0.02 g/bhp-hr NOx optional standard or with a zero-emission vehicle, and surrender the existing vehicle/engine to a Program Administrator approved dismantler for scrapping as specified in Task 4 of this Attachment. The new vehicle/engine must be certified or approved by CARB or eligible for voucher incentives through the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) and Low NOx Engine Incentives to be an eligible vehicle or engine for VW funds.

Notwithstanding the above, CONTRACTOR is responsible for determining that the new vehicle/engine to be purchased complies with all VW Program requirements and applicable federal, state, and local air quality rules and regulations. Each replacement or repowered vehicle shall be subject to the terms and conditions set forth in Tasks 1 through 5 of this Attachment, the milestone dates specified in Attachment 1A, as well as all other provisions of the Contract.

Table 1 - Approved Project List

Project Type	Existing Vehicle					Replacement/Repowered Vehicle	
	GVWR	Vehicle Vocation	License Plate Number	VIN	Engine S/N	Technology Type ¹	Minimum % Operation in CA
Replacement	>33,000	Waste Hauler	1017616	1FUPBEDB2XLB34708	8YS06644	ZE	75
Replacement	>33,000	Freight Truck	1056880	1XKDD99X3WR760068	34865637	ZE	75
Replacement	>33,000	Waste Hauler	1187322	1XKDD09X65R096116	35113462	ZE	75
Replacement	>33,000	Freight Truck	1056876	1XKDD99X1WR760070	34866256	ZE	75
Replacement	>33,000	Dump Truck	1056877	1XKDD99X6WR772179	34883322	ZE	75

¹ Verified by CARB Executive Order or eligible for voucher incentives through the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) and Low NOx Engine Incentives.

PROJECT REQUIREMENTS:

Task 1: Inspections

- 1.1 CONTRACTOR shall make each existing vehicle/engine identified in Table 1 available to the Program Administrator or their designee(s) for inspection or remote inspection prior to destruction in accordance with the Inspections/Remote-Inspections clause of this Contract. If a required pre-inspection has not yet been completed on the vehicle/engine to be replaced and it is stolen or destroyed such that it cannot be repaired, or is registered as inoperable with the Department of Motor Vehicles (DMV), then such vehicle/engine is not eligible for funding under this Contract. Each vehicle must be roadworthy and in operational condition. CONTRACTOR shall provide access to vehicle identification number, engine serial number, and other application information to verify eligibility of each vehicle/engine.
- 1.2 CONTRACTOR shall be disqualified from receiving VW funds if the pre-inspection by the Program Administrator reveals a discrepancy with the application submitted by CONTRACTOR that would affect the project's ranking or eligibility status with respect to the VW Consent Decrees, Beneficiary Mitigation Plan (BMP), or Program Announcement.
- 1.3 CONTRACTOR shall ensure each existing vehicle/engine identified in Table 1 is delivered to a Program Administrator approved dismantler within 60 calendar days after the replacement or repowered vehicle is entered into service.
- 1.4 CONTRACTOR shall notify the Program Administrator in writing upon delivery of the existing vehicle/engine to a Program Administrator approved dismantler. Upon notification, the Program Administrator will conduct the required dismantle inspection to verify the frame rails were completely severed and the engine was destroyed in accordance with the Inspections/Remote-Inspections clause of this Contract.
- 1.5 CONTRACTOR shall make each replacement or repowered vehicle identified in Table 1 available to Program Administrator or designee(s) for inspections in accordance with the Inspections/Remote-Inspections clause of this Contract.
- 1.6 CONTRACTOR shall complete and submit all inspection forms, documentation, and photographs requested by the Program Administrator or their designee(s).

Task 2: Procurement of Vehicle(s)/Engine(s)

- 2.1 CONTRACTOR shall provide a copy of the purchase order to the Program Administrator within 90 calendar days of the execution of the Contract, unless otherwise approved by the Program Administrator.
- 2.2 CONTRACTOR shall provide documentation of procurement of replacement vehicle/engine. This documentation shall include, at a minimum: (1) invoice/payment information including but not limited to an itemized invoice, including identification of any taxes, delivery fees, and other costs, with sufficient details to ensure that only completed and eligible projects costs are reimbursed,

identification of other sources and amounts of funding (if any); (2) vehicle information including but not limited to vehicle identification number, manufacturer, model, model year, and fuel type; (3) engine information including but not limited to manufacturer, model, model year; (4) other information including but not limited to warranty coverage, and a copy of the CARB Executive Order for the procured vehicle/engine. This documentation shall be submitted to the Program Administrator at the time of invoice submittal. The requirements for the invoice package are specified in Payment Schedule, Attachment 2.

- 2.3 Notwithstanding the above requirement, CONTRACTOR is responsible for determining that the vehicle or engine to be purchased complies with all applicable federal, state, and local air quality rules and regulations. The replacement vehicle/engine must be certified or approved by CARB.
- 2.4 If CONTRACTOR determines that it will be unable to procure or implement the vehicle/engine identified in Table 1, CONTRACTOR shall inform the Program Administrator in writing as soon as possible so that the Program Administrator may re-evaluate the project and determine if a modification to the Contract is needed.
- 2.5 In the event of an accident resulting in total loss of the replacement or repowered vehicle or where the vehicle has been stolen, CONTRACTOR will, at the discretion of the Program Administrator, be responsible either for returning to the Program Administrator a pro-rated share of the funds already paid under the Contract, in an amount to be determined by the Program Administrator, or for providing a substitute vehicle that meet the specification of the replacement vehicle specified in Table 1. The substitute vehicle cannot have more miles than would have been accumulated based on the mileage used to determine the funding amount, and no more than 600,000 miles.

Task 3: Operation of Vehicle(s)

- 3.1 CONTRACTOR shall place each VW Mitigation Trust funded replacement or repowered vehicle into regular operating service and shall notify the Program Administrator in writing of the in-service date and where the vehicle is domiciled within the geographical boundaries of the state of California within 14 calendar days after the replacement or repowered vehicle is entered into service.
- 3.2 CONTRACTOR agrees to operate each VW Mitigation Trust funded replacement or repowered vehicle within the geographical boundaries of the state of California for the percentage of time specified in Table 1 during the project life.
- 3.3 CONTRACTOR agrees to make operational information for each vehicle identified in Table 1 available within 14 calendar days upon written request by the Program Administrator or CARB staff during the life of the project. This information may include annual mileage.
- 3.4 The expected annual usage of the vehicle and estimated annual NOx emission reductions are specified in Table 2 below.

Table 2 – Annual Usage and Emission Reductions

Existing Vehicle License Plate Number	Existing Vehicle VIN	Annual Usage (miles) ¹	Estimated Annual NOx Emission Reductions (tons/year) ²	Project Life (years)
1017616	1FUPBEDB2XLB34708	946	0.03	3
1056880	1XKDD99X3WR760068	5,954	0.12	3
1187322	1XKDD09X65R096116	4,916	0.12	3
1056876	1XKDD99X1WR760070	5,668	0.12	3
1056877	1XKDD99X6WR772179	416	0.01	3

¹The annual usage is an annual average based on usage data provided by the applicant.

²The expected emission reductions from this project were based on the annual usage.

- 3.5 CONTRACTOR shall be in compliance with all applicable federal, state, and local air quality rules and regulations for the owner’s entire fleet(s).

Task 4: Destruction of Existing Vehicle(s)

- 4.1 CONTRACTOR shall ensure each existing vehicle/engine identified in Table 1 is delivered to a Program Administrator approved dismantler and destroyed within 60 calendar days after the replacement or repowered vehicle is entered into service.
- 4.2 CONTRACTOR is required to provide documentation verifying each existing vehicle/engine was delivered to a Program Administrator approved dismantler.
- 4.3 CONTRACTOR shall not use any of the funding under this Contract to cover costs associated with transporting the vehicle to a dismantler or the dismantling of the existing vehicle.
- 4.4 Dismantler shall completely sever the frame rails of each existing vehicle (replacements only) and puncture an irregularly shaped hole with a diameter at least three inches at the narrowest point of the engine block (replacements and repowers) to ensure that each existing vehicle that has been replaced or repowered will not be used again.
- 4.5 Dismantler shall file a “Non-Repairable Vehicle Certificate” with DMV using an “Application for Salvage Certification or Non-Repairable Vehicle Certification” (REG 488C), or a Notice of Acquisition/Report of Vehicle To Be Dismantled (REG 42) ensuring the VIN can never be registered again in California. Within 90 calendar days after the replacement or repowered vehicle is entered into service, the dismantler must provide verification to the Program Administrator that the existing vehicle has been registered with the DMV as non-revivable with a type transaction code (TTC) L10 or C26 on the DMV reconciliation transaction receipt of other DMV documentation that satisfies this requirement.
- 4.6 CONTRACTOR shall ensure that the Program Administrator approved dismantler take the following photographs and provide to the Program Administrator within 14 calendar days of destroying each vehicle and/or engine:

Replacement Only:

- a. Front of the vehicle with hood down including the license plate
- b. Right side of the vehicle with hood down
- c. Left side of vehicle with hood down
- d. Vehicle Identification Number (VIN) Tag (showing GVWR)
- e. Full view of engine with hole in engine block
- f. Left side of destroyed engine block (in-frame or out of frame)
- g. Right side of destroyed engine block (in-frame or out of frame)
- h. Engine tag with serial number
- i. Completely severed frame rails
- j. Odometer reading

Repower Only:

- a. Full view of engine with hole in engine block
- b. Left side of destroyed engine block
- c. Right side of destroyed engine block
- d. Engine tag with serial number
- e. Odometer reading

Task 5: Reporting

- 5.1 CONTRACTOR shall provide annual reports, as described in the Deliverables, Attachment 1B.
- 5.2 CONTRACTOR shall notify the Program Administrator in writing in advance of any transfer of ownership of the vehicle identified in Table 1 in accordance with the ASSIGNMENT AND TRANSFER OF EQUIPMENT clause of the Contract.

ATTACHMENT 1A

PROJECT MILESTONES VOLKSWAGEN ENVIRONMENTAL MITIGATION TRUST PROGRAM COUNTY SANITATION DISTRICT NO. 2 OF LOS ANGELES COUNTY

Milestone

Due Date

Contract Signed by Contractor and Received by Program Administrator:

Within 60 calendar days from when the Contract was electronically delivered to Contractor

Submittal of Purchase Order:
(All purchase orders must be submitted no later than 90 days after Contract Effective Date unless otherwise approved by Program Administrator)

Within 90 calendar days from Contract Effective Date

Replacement/Repowered Vehicles/Engines Delivery & Acceptance Completed By:

July 01, 2023

All Vehicles In-Service No Later Than:
(The Program Administrator shall be notified within 14 calendar days after each replacement or repowered vehicle is entered into service)

July 01, 2023

All Old/Existing Vehicles/Engines Destroyed No Later Than:

60 calendar days after each replacement or repowered vehicle is entered into service

All Invoices Due No Later Than:
(All required inspections must be completed and approved by the Program Administrator prior to any invoice paid by the Program Administrator)

60 calendar days after each replacement or repowered vehicle is entered into service

Annual Project Progress Reports and Annual Certification Regarding Labor Law Violations:

August 1, 2024
August 1, 2025
August 1, 2026

ATTACHMENT 1B

DELIVERABLES

VOLKSWAGEN ENVIRONMENTAL MITIGATION TRUST PROGRAM COUNTY SANITATION DISTRICT NO. 2 OF LOS ANGELES COUNTY

In addition to the deliverables set forth in the above-referenced Statement of Work, CONTRACTOR shall complete and submit to the Program Administrator annual reports for the term of the project life identified in Table 2. CONTRACTOR will be required to keep appropriate records during the full Contract period plus three additional years, and all Equipment must operate in the state of California for the minimum percentage specified in Table 1 for the full Contract term. The records will contain the following, at a minimum:

- DMV Registration Records
- Insurance Certificate(s)
- Records of Annual Usage (Odometer Readings) at 12, 24, and 36 months after date the replacement or repowered vehicle is placed into service
- Operational and maintenance issues encountered and how they were resolved
- Self-certification that the replacement or repowered vehicle is still owned by CONTRACTOR
- Self-certification of where the replacement or repowered vehicle was operated
- Self-certification of compliance with labor laws
- Self-certification that the replacement or repowered vehicle is maintained and operated in accordance with manufacturer specifications.

CONTRACTOR will be required to submit annual reports containing the above information to the Program Administrator for the term of the Contract and records must be made available to the Program Administrator, CARB, or their designee for review upon request. All annual reports must be submitted online using the web-based application portal or Grant Management System (GMS) available at: www.aqmd.gov/vw.

ATTACHMENT 2

PAYMENT SCHEDULE

**VOLKSWAGEN ENVIRONMENTAL MITIGATION TRUST PROGRAM
COUNTY SANITATION DISTRICT NO. 2 OF LOS ANGELES COUNTY**

CONTRACTOR shall be reimbursed for each eligible vehicle/engine in accordance with the VW Mitigation Trust Award Amount outlined in Tables 3 and 4 below. For each vehicle, payment shall not exceed the maximum percentage of eligible costs as identified in Table 4 below or the maximum award amounts identified in Table 3 below, whichever is less. CONTRACTOR will be reimbursed after passing all required inspections, submitting all the required documents for payment, including invoices, proof of payment and destruction, and verification of delivery, acceptance and placement into service. Payment will not be made if CONTRACTOR has any outstanding CARB violations associated with the CONTRACTOR'S entire fleet(s) or is not in compliance with all applicable federal, state, and local air quality rules and regulations.

Table 3 – Maximum Reimbursement Amount Per Vehicle

Grant # G18-VWM-04-ZE1					
Project Type	Existing Vehicle License Plate Number	Existing Vehicle VIN	Maximum Award Amount ¹	Eligible Mitigation Action	Funding Source
Replacement	1017616	1FUPBEDB2XLB34708	\$200,000	ZE – EMA 1	Fund 79
Replacement	1056880	1XKDD99X3WR760068	\$200,000	ZE – EMA 1	Fund 79
Replacement	1187322	1XKDD09X65R096116	\$200,000	ZE – EMA 1	Fund 79
Replacement	1056876	1XKDD99X1WR760070	\$200,000	ZE – EMA 1	Fund 79
Replacement	1056877	1XKDD99X6WR772179	\$200,000	ZE – EMA 1	Fund 79

¹ See Table 4 below for eligible funding percentages and maximum award amounts.

Total Contract Not-To-Exceed: \$ 1,000,000

Table 4 – Eligible Funding Percentages and Maximum Award Amounts

Old/Existing Vehicle Category	Project Type	Ownership Category	Maximum Percentage (%) of Funding (of eligible cost)	Maximum Funding Up To
Class 8 Freight Trucks (including drayage trucks, waste haulers, dump trucks, & concrete mixers)	Replacement	Non - Government	75%	\$200,000
		Government	100%	

In addition to the information required in the Payment clause of the Contract, CONTRACTOR shall submit an invoice package. All invoice packages must be submitted online using the web-based application portal or Grant Management System (GMS) available at: www.aqmd.gov/vw and must contain the items listed below:

1. An invoice on your company's or the dealership's letterhead.
 - a) Date of invoice which must reflect the actual date the invoice was sent to the Program Administrator.
 - b) Language on invoice stating:
"INVOICE TO: South Coast Air Quality Management District"
21865 Copley Drive, Diamond Bar, CA 91765
 - c) Repower only - Cost breakdown indicating all applicable fees associated with the repower (i.e. engine purchase costs, taxes, cost of parts, materials, and labor, etc.).
 - d) Replacement only - Vehicle purchase cost (including applicable taxes and fees).
 - e) An invoice tracking number that is assigned by your company or the dealership's office.
 - f) The Program Administrator Contract Number and Program Administrator Project ID Number.
 - g) The CONTRACTOR's name and business address (consistent with the information listed on the submitted W-9).
 - h) "South Coast Air Quality Management District to Pay \$_____".
 - i) Replacement only - New vehicle VIN and GVWR.
 - j) Replacement or repowered (new) engine's Year, Make, Model, and Serial.
2. Vehicle or engine warranty information:
 - a) Except for zero-emission vehicles, all participants must purchase a minimum of a one-year or 100,000-mile major component engine warranty for the replacement vehicle or repowered engine. The warranty must cover parts and labor. If the purchase of a new replacement vehicle already includes a minimum one year or 100,000-mile warranty as specified above, a separate supplemental warranty is not required. However, it is recommended that the highest-grade warranty be purchased in order to avoid expensive repairs in the future.
 - b) Electric vehicles must have a minimum warranty period of 3 years or 50,000 miles. The warranty must cover the motor, drivetrain, battery or energy storage, and parts and labor.
3. CARB executive order or certification.

Payments will be disbursed after evidence of vehicle/engine destruction is submitted, all required inspections have been conducted by the Program Administrator or their designee(s), and all invoice documentation have been verified. Payments under this Contract shall be sent to CONTRACTOR unless otherwise specified in the Contract or specifically requested by CONTRACTOR in writing. Funds paid under this Contract shall only be used to offset the capital cost of the vehicle/engine replacement and shall reduce the principal owed by the CONTRACTOR to purchase the vehicle/engine replacement. Program funds may only be used to reimburse owners of the replacement or repowered vehicle or other entities up to the amount of funds contributed in cash toward the purchase of the VW Mitigation Trust funded replacement or repowered vehicle. Replacement or repowered vehicle project funds may not be applied toward administration costs.