

## SETTLEMENT AGREEMENT AND RELEASE

This SETTLEMENT AGREEMENT AND RELEASE (hereinafter "Agreement") is entered into between the STATE OF CALIFORNIA AIR RESOURCES BOARD (hereinafter "ARB") 1001 I Street, Sacramento, California 95814, and MARVIN E. WRIGHT TRUCKING, INC. (hereinafter "MEWT"), 13483 Victoria Street, Rancho Cucamonga, California 91739.

### I. RECITALS

- (1) HSC §§ 39650-39675 mandate the reduction of the emissions of substances that have been determined to be toxic air contaminants. In 1998, following an exhaustive ten-year scientific assessment process, ARB identified particulate matter (PM) from diesel-fueled engines as a toxic air contaminant. In-use On-Road diesel vehicles are powered by diesel fueled engines that emit toxic PM. On-Road vehicles are controlled under the Truck and Bus regulation, as codified in 13 CCR § 2025.
- (2) 13 CCR § 2025(e)(1)(B) states: "Starting January 1, 2012, for all vehicles with GVWR greater than 26,000 lbs, excluding school buses, fleets must meet the requirements of 13 CCR § 2025(g) or fleets that report may instead comply with the phase-in option of 13 CCR § 2025(i)."
- (3) Failure to comply with the requirements of 13 CCR § 2025 is a violation of state law resulting in penalties. HSC §§ 39674 (a) and (b) authorize civil penalties for the violation of the programs for the regulation of toxic air contaminants not to exceed one thousand dollars (\$1,000) or ten thousand dollars (\$10,000), respectively, for each day in which the violation occurs.
- (4) MEWT has elected to utilize the phase-in option provided for in 13 CCR § 2025(i).
- (5) 13 CCR § 2025(i), phase-in option, requires that owners of diesel vehicles with a GVWR greater than 26,000 lbs meet the PM BACT requirements by phasing in 30 percent of their fleet by January 1, 2012, 60 percent by January 1, 2013, or 90 percent by January 1, 2014, and 90 percent by January , 2015.
- (6) ARB has documented that MEWT failed to have 60 percent of its fleet meet the PM BACT requirements by January 1, 2013, 90 percent by January 1, 2014, and 90 percent by January 1, 2015.
- (7) Transport Refrigeration Units (TRU) are powered by diesel fueled engines that emit toxic PM. TRUs are regulated under the Airborne Toxic Control Measure for In-Use Diesel-Fueled Transport Refrigeration Units and TRU Generator Sets, and Facilities Where TRUs Operate (TRU ATCM) as codified in in 13 CCR § 2477.1 through 2477.21.

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- (8) 13 CCR § 2477.5(a) provides that no owner/operator shall operate a TRU or TRU generator (gen) set in California unless it meets in-use performance standards established in § 2477.5.
- (9) ARB Enforcement Division has documented that MEWT failed to bring the TRUs it operates in California into compliance with the in-use performance standards before the deadlines set forth in the regulation.
- (10) Failure to bring the TRU fleet in compliance with applicable in-use performance standards, failure to apply for and affix ARB IDNs and failure to submit an operator report are violations of state law resulting in penalties. HSC § 39674 authorizes civil penalties of up to ten thousand dollars (\$10,000) for each day that the violation occurs.
- (11) In order to resolve these alleged violations, MEWT has taken, or agreed to take, the actions enumerated below under "RELEASE". Further, ARB accepts this Agreement in termination and settlement of this matter.
- (12) In consideration of the foregoing, and of the promises and facts set forth herein, the parties desire to settle and resolve all claims, disputes, and obligations relating to the above-listed violations, and voluntarily agree to resolve this matter by means of this Agreement. Specifically, ARB and MEWT agree as follows:

**II. TERMS AND RELEASE**

In consideration of ARB not filing a legal action against MEWT for the alleged violations referred to above, and MEWT's payment of the penalties set forth in Section 1 below, ARB and MEWT agree as follows:

- (1) Upon execution of this Agreement, MEWT shall pay a civil penalty of 17,100.00. Payment shall be made in 24 monthly payments as described below, beginning on **January 15, 2016**.

<b>Payment Due Date:</b>	<b>In the Amount of and Payable to:</b>	
January 15, 2016	<b>\$715.00</b>	<b>the Peralta Colleges Foundation</b>
February 15, 2016	<b>\$712.00</b>	<b>the Peralta Colleges Foundation</b>
March 15, 2016	<b>\$712.00</b>	<b>the Peralta Colleges Foundation</b>
April 15, 2016	<b>\$712.00</b>	<b>the Peralta Colleges Foundation</b>
May 15, 2016	<b>\$712.00</b>	<b>the Peralta Colleges Foundation</b>
June 15, 2016	<b>\$712.00</b>	<b>the Peralta Colleges Foundation</b>
July 15, 2016	<b>\$721.00</b>	<b>the Air Pollution Control Fund</b>
August 15, 2016	<b>\$712.00</b>	<b>the Air Pollution Control Fund</b>

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September 15, 2016	\$712.00	the Air Pollution Control Fund
October 15, 2016	\$712.00	the Air Pollution Control Fund
November 15, 2016	\$712.00	the Air Pollution Control Fund
December 15, 2016	\$712.00	the Air Pollution Control Fund
January 15, 2017	\$712.00	the Air Pollution Control Fund
February 15, 2017	\$712.00	the Air Pollution Control Fund
March 15, 2017	\$712.00	the Air Pollution Control Fund
April 15, 2017	\$712.00	the Air Pollution Control Fund
May 15, 2017	\$712.00	the Air Pollution Control Fund
June 15, 2017	\$712.00	the Air Pollution Control Fund
July 15, 2017	\$712.00	the Air Pollution Control Fund
August 15, 2017	\$712.00	the Air Pollution Control Fund
September 15, 2017	\$712.00	the Air Pollution Control Fund
October 15, 2017	\$712.00	the Air Pollution Control Fund
November 15, 2017	\$712.00	the Air Pollution Control Fund
December 15, 2017	\$712.00	the Air Pollution Control Fund

Please send the signed Settlement Agreement and any future mailings or documents required per the terms of this Settlement Agreement to:

Mr. Nelson Van  
Air Pollution Specialist  
California Air Resources Board  
Enforcement Division  
P.O. Box 2815  
Sacramento, California 95812

Please submit each payment by the applicable payment due date along with the corresponding "Settlement Agreement Payment Transmittal Form" (Attachment A) to:

California Air Resources Board  
Accounting Office  
P.O. Box 1436  
Sacramento, California 95812-1436

- (2) Effect of Untimely Payment. If any payment is more than 15 days late, the entire remaining balance becomes immediately due and payable. In addition, if the Attorney General files a civil action to enforce this settlement agreement, MEWT shall pay all costs of investigating and prosecuting the action, including expert fees, reasonable attorney's fees, and costs.

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- (3) It is agreed that if MEWT, including its subsidiary or parent company, at any time becomes insolvent, or makes an assignment for the benefit of creditors or similar action adversely involving MEWT, its subsidiary, or parent company, or a proceeding or petition under any bankruptcy, reorganization, arrangement of debt, insolvency, readjustment of debt, or receivership law or statute is filed by or against MEWT, its subsidiary, or parent company, or a trustee in bankruptcy, custodian, receiver or agent is appointed or authorized to take charge of any of MEWT's, its subsidiary, or parent company's properties, or if any deposit account or other property of MEWT, its subsidiary, or parent company be attempted to be obtained or held by writ of execution, garnishment, attachment, condemnation, levy, forfeiture or other legal process, or MEWT, its subsidiary, or parent company takes any action to authorize any of the foregoing, the entire remaining balance becomes immediately due and payable without notice or demand.
- (4) It is further agreed that the penalties described in "Terms and Release", paragraph 1 are punitive in nature, rather than compensatory. Furthermore, the penalty is intended to deter and punish MEWT for violations of state environmental statutes, and these penalties are payable to and for the benefit of ARB, a governmental unit. Therefore, it is agreed that these penalties imposed on MEWT by ARB arising from the facts described in recital paragraphs (1) through (10) are non-dischargeable under 11 United States Code § 523 (a)(7), which provides an exception from discharge for any debt to the extent such debt is for a fine, penalty or forfeiture payable to and for benefit of governmental unit, and is not compensation for actual pecuniary loss, other than certain types of tax penalties.
- (5) MEWT shall not violate HSC §§ 43701 *et seq.*, 44011.6 *et seq.*, and 13 CCR §§ 2180 *et seq.*, 2190 *et seq.*, and 2485 *et seq.*
- (6) MEWT shall complete Low NOx Software Upgrades (reflash) on all applicable heavy-duty diesel engines operating in California and report to ARB within 45 days of this agreement.
- (7) MEWT shall remain in compliance with the Emission Control Label (ECL) regulation as codified in 13 CCR § 2183.
- (8) MEWT shall instruct all employees who operate diesel-fueled vehicles to comply with the idling regulations set forth in 13 CCR § 2485, within 45 days of this Agreement.
- (9) MEWT shall not violate the Truck and Bus regulation as codified in 13 CCR § 2025.

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- (10) MEWT shall submit proof of compliance with the Truck and Bus regulation (as codified in 13 CCR § 2025), within 45 days of the execution of this Agreement, to **Mr. Nelson Van, Air Pollution Specialist, California Air Resources Board, Enforcement Division, P.O. Box 2815, Sacramento, California 95812.**
- (11) Within 120 days of the execution of this Agreement, MEWT shall bring its fleet of TRUs operating in California in compliance with the applicable in-use performance standards as required by 13 CCR § 2477.5(a).
- (12) MEWT shall not violate TRU ATCM as codified in 13 CCR § 2477.
- (13) This Agreement shall apply to and be binding upon MEWT, and its officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations and upon ARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Agreement.
- (14) This Agreement constitutes the entire agreement and understanding between ARB and MEWT concerning the subject matter hereof, and supersedes and replaces all prior negotiations and agreements between ARB and MEWT concerning the subject matter hereof.
- (15) No agreement to modify, amend, extend, supersede, terminate, or discharge this Agreement, or any portion thereof, is valid or enforceable unless it is in writing and signed by all parties to this Agreement.
- (16) Severability. Each provision of this Agreement is severable, and in the event that any provision of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement remains in full force and effect.
- (17) This Agreement shall be interpreted and enforced in accordance with the laws of the State of California, without regard to California's choice-of-law rules.
- (18) This Agreement is deemed to have been drafted equally by the Parties; it will not be interpreted for or against either party on the ground that said party drafted it.
- (19) Senate Bill 1402 (Dutton, Chapter 413, statutes of 2010) requires ARB to provide information on the basis for the penalties it seeks (HSC § 39619.7). This information, which is provided throughout this settlement agreement, is summarized here:

**The manner in which the penalty amount was determined, including a per unit or per vehicle penalty.**

Penalties must be set at levels sufficient to discourage violations. The penalties in this matter were determined in consideration of all relevant circumstances, including the eight factors specified in HSC §§ 42403 and 43024.

Truck and Bus Violations

The per unit penalty for the Truck and Bus violations involved in this case is a maximum of \$1,000 per vehicle per day for strict liability violations or \$10,000 per vehicle per day for negligent or intentional violations.

The penalty obtained for the Truck and Bus violations involved in this case for failure to meet the requirements of the Phase-In Compliance Schedule is \$15,600.00 or \$100.00 per month of violation:

- \$7,200.00 for 6 vehicles not meeting the 60 percent phase-in requirement, or \$100.00 per vehicle per month (12 months in violation) in 2013;
- \$2,400.00 for 2 vehicles not meeting the 90 percent phase-in requirement, or \$100.00 per vehicle per month (12 months in violation) in 2014;
- \$4,000.00 for 5 vehicles not meeting the 90 percent phase-in requirement, or \$100.00 per vehicle per month (8 months in violation) in 2014;
- \$1,100.00 for 1 vehicle not meeting the 90 percent phase-in requirement, or \$100.00 per vehicle per month (11 months in violation) in 2014; and
- \$900.00 for 1 vehicle not meeting the 90 percent phase-in requirement, or \$100.00 per vehicle per month (9 months in violation) in 2015.

The penalty was discounted due to extreme financial hardship and based on the fact that this was a first time violation and the violator made diligent efforts to comply and to cooperate with the investigation

TRU Violations

The per unit penalty for the TRU violations involved in this case is a maximum of \$1,000 per unit per day for strict liability violations or \$10,000 per vehicle per day for negligent or intentional violations pursuant to HSC § 39674. The penalty obtained for the TRU violations involved in this case is \$1,500.00 for 2 noncompliant TRUs operated by MEWT or \$750.00 for each violation.

The penalty was discounted due to extreme financial hardship and based on the fact that this was a first time violation and the violator made diligent efforts to comply and to cooperate with the investigation

**The provision of law the penalty is being assessed under and why that provision is most appropriate for that violation.**

Truck and Bus Violations

The penalty provision being applied for the Truck and Bus regulation (13 CCR § 2025) violations in this case is HSC § 39674 because the Truck and Bus regulation is an Airborne Toxic Control Measure adopted pursuant to authority contained in HSC §§ 39002 et seq., 39650-39675 and because MEWT failed to bring their diesel fleet into compliance by the deadlines set forth in 13 CCR § 2025(i).

TRU Violations

The penalty provision being applied for the TRU ATCM (13 CCR § 2477) violations (including registration and labeling) is HSC § 39674 because the TRU rule is an Air Toxic Control Measure adopted pursuant to authority contained in HSC §§ 39002 et seq., 39650-39675 and MEWT, as an owner of TRUs, failed to bring all TRUs in its fleet into compliance by the deadlines set forth in the TRU ATCM.

**Is the penalty being assessed under a provision of law that prohibits the emission of pollution at a specified level, and, if so a quantification of excess emissions, if it is practicable to do so.**

Truck and Bus Violations

The provisions cited above do prohibit emissions above a specified level of g/hp-hr. However, since the hours of operation of the noncompliant trucks involved and their individual emission rates are not known, it is not practicable to quantify the excess emissions.

TRU Violations

The provisions cited above do prohibit emissions above a specified level of g/hp-hr. However, since the hours of operation of the noncompliant units involved and their individual emission rates are not known, it is not practicable to quantify the excess emissions.

- (20) MEWT acknowledges that ARB has complied with Senate Bill 1402 in prosecuting or settling this case. Specifically, ARB has considered all relevant facts, including those listed at HSC § 43024, has explained the manner in which the penalty amount was calculated, has identified the provision of law under which the penalty is being assessed and has considered and determined that this



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penalty is being assessed under a provision of law that prohibits the emission of pollutants at a specified level.

- (21) Penalties were determined based on the unique circumstances of this matter, considered together with the need to remove any economic benefit from noncompliance, the goal of deterring future violations and obtaining swift compliance, the consideration of past penalties in similar cases, and the potential costs and risk associated with litigating these particular violations. Penalties in future cases might be smaller or larger on a per unit basis.
- (22) The penalty was based on confidential settlement communications between ARB and MEWT that ARB does not retain in the ordinary course of business. The penalty is the product of an arms length negotiation between ARB and MEWT and reflects ARB's assessment of the relative strength of its case against MEWT, the desire to avoid the uncertainty, burden and expense of litigation, obtain swift compliance with the law and remove any unfair advantage that MEWT may have secured from its actions.
- (23) Now therefore, in consideration of the payment on behalf of MEWT to the Air Pollution Control Fund and the Peralta Colleges Foundation, ARB hereby releases MEWT and their principals, officers, agents, predecessors and successors from any and all claims, ARB may have or have in the future based on the circumstances described in paragraphs (1) through (10) of the Recitals. The undersigned represent that they have the authority to enter into this Agreement.

**California Air Resources Board**

Signature: 

Print Name: Dr. Todd P. Sax

Title: Chief, Enforcement Division

Date: 11/22/16

**Marvin E. Wright Trucking, Inc.**

Signature: 

Print Name: Marvin E. Wright

Title: owner

Date: 1/5/2016