will be revised as part of the annual meeting process.

(3) Problem Identification and Action Commitment-Parties will identify possible problems that might occur in the development of a viable market and examples of specific actions that might be contemplated in a joint evaluation process (specific actions are detailed in Section III below).

(4) Benchmark Criteria and Components of a Viable Market— Benchmark criteria will be developed for a long-term, sustainable market. Some criteria might include, but will not be limited to:

fl Infrastructure development (fuel quality and price, station density, user friendly refueling, service support, incentives, quasi-public service and fuel sales)

ff Vehicle development (range, lifecycle costs, safety and user convenience).

fl Removal of regulatory

impediments to ATV vehicle sales. fl Reliability and durability profile of fleets.

fl Consumer needs surveyed from Federal, state and municipal fleets and then further defined.

fl Fuel savings documented and demonstrated.

fl Vehicle resale value documented and retained.

fl Consumer-directed incentives in place.

(5) Joint ATV Program Implementation Process—Parties agree to oversee the implementation of this ATV agreement. This joint implementation process will include annual meetings to be held between principal representatives of the Northeast States and Auto manufacturers. Staff level meetings will occur during the course of a year to chart progress in the areas listed below and provide a basis for evaluation of progress. Possible areas for evaluation include, but are not limited to:

fl Assumptions for Annual Sales Estimates.

fl Funding for Federal Fleet Purchases.

Technology and Vehicle Type fl Availability.

fl State Procurement Requirements and Practices.

Joint Marketing Efforts. fl

fl Infrastructure Construction and Capabilities.

fl Research and Data Needs.

Other Information and Expertise fl Needs.

Consumer Satisfaction Assessed fl and Consumer Confidence Built.

fl Plans to Remove Roadblocks and Other Program Adjustments.

(6) Group Structure and Disagreement Settlement Process—A structure for the evaluation will be established by a working group at the initiation of the ATV program. This working group will design the structure of the annual meetings; designate the purpose, number, type and level of meetings to evaluate program progress; and, outline the issues of concern to be addressed. Specifically, responsibilities for discussion of the evaluation areas listed above will be delineated, possible scenarios for action should problems occur or milestones not be met by any party will be developed, and a process for resolving disagreements that arise will be defined.

It is agreed by all parties that primarily the auto manufacturers and states will be involved in the group structure discussions and the overall evaluation process, but that all key parties will be consulted for their advice throughout the process.

(7) Suggested Timeline for Introduction of ATV's-The ATV program will consist of three phases. If significant progress could be made early for any of these phases, parties could agree through annual meeting decisions to advance the timeline of for delivery of vehicles. The parties recognize the legitimacy of existing incentive programs and that new incentive programs may be instituted earlier than this timeframe. The conceptual and planning work for all phases of this process will proceed simultaneously, and lessons from existing programs will be applied in initiating these steps.

1996-98-EPAct for Federal, State and Fuel Provider Fleets

Manufacturers market ATV's to fleets. Infrastructure development begins. Incentive programs are established. Surveys are conducted to estimate potential demand for 1999-2001, including municipal and private fleets.

1999-2001—Add Municipal and Private Fleets

Manufacturers expand product offerings. Infrastructure expands. Incentive programs expand to municipal and private fleets. Surveys conducted to estimate 2002-2004 retail consumer demand. Criteria decided for maintaining sustainable retail sales.

2002–2004—Add Retail Consumer Offerings

According to establishment of adequate infrastructure, offer ATV's for retail consumer sales in all Northeast States. Incentive programs expand to retail consumers.

III. Summary of Commitments by All Parties

In this strategy, each party commits to provide certain results within an agreed upon timeframe. A summary of each parties' commitments follows.

Auto Manufacturers

fl Auto manufacturers will supply private consumer ATVs in a timely manner in 2002, if commitments and criteria put forth in the MOU are met by all parties. Auto manufacturers will introduce ATV's sooner than 2002 if both parties agree that the criteria defining a viable market described in this agreement are met earlier.

The responsibility for supply ATVs includes modifying vehicles to the extent necessary for use in the Northeast, establishing adequate sales and support structure, technician training and service parts inventories in addition to vehicle design, development and manufacture.

fl The Auto manufacturers agree to participate in the annual review process to assess the progress of the program and to determine how to develop a viable market for ATVs in the OTR. This includes participating in the projection of annual sales estimates and evaluating progress toward meeting those estimates.

fl Auto Manufacturers agree to work with the states to determine what actions may be needed to adjust the program if sales estimates are not being met. This will include consideration of voluntary actions such as increasing public education and marketing, addressing weaknesses in infrastructure development, and discussing and addressing technological barriers or hardware problems. Auto manufacturers agree to implement the actions identified and agreed upon.

fl Auto manufacturers agree to discuss pricing issues with states individually as requested to address vehicle pricing concerns.

State Representatives

fl States will establish incentive programs to encourage the purchase of ATVs and direct state procurement policies in a manner consistent with Federal Practices. States will maximize purchases of ATVs in state fleets to the greatest extent possible.

fl States agree to work to assist municipalities to conform with EPAct requirements as soon as feasible. States will also work to assist in the development of incentive programs for private fleet purchases of ATVs.

fl States will participate in the annual review process to assess the