

BOARD MEETING DATE: February 3, 2017

AGENDA NO. 6

**PROPOSAL:** Recognize, Transfer and Appropriate Revenue, Amend and Execute Contracts, and Approve Eligible Participant Vouchers to Continue Implementation of Enhanced Fleet Modernization Program

**SYNOPSIS:** Last September, the Board recognized up to \$10 million from CARB, approved issuance of vouchers to continue the Enhanced Fleet Modernization Program (EFMP) Plus-Up for FY 2016-17, and released an RFP to solicit proposals to administer the application process and conduct vehicle emissions testing. Subsequently, CARB advised that SCAQMD would receive \$15 million. Additionally, older vehicles retired under the EFMP are crushed for scrap metal generating revenue for EFMP. These actions are to: 1) recognize revenue up to \$5 million from CARB and up to \$500,000 from the scrap metal value of the vehicles retired under the EFMP into the HEROS II Special Revenue Fund (56); 2) authorize the Executive Officer to approve vouchers to qualified participants up to \$4,250,000 and execute agreements with participating dismantlers, dealerships and financial institutions; 3) amend and execute contracts for a total amount not to exceed \$765,000 from the HEROS II Special Revenue Fund (56); and 4) transfer and appropriate \$250,000 from the HEROS II Special Revenue Fund (56) into Science and Technology Advancement's FY 2016-17 and/or 2017-18 Budget for EFMP implementation and outreach.

**COMMITTEE:** Technology, January 20, 2017; Recommended for Approval

**RECOMMENDED ACTIONS:**

1. Recognize, upon receipt, up to \$5 million from CARB's Greenhouse Gas Reduction Fund (GGRF) into the HEROS II Special Revenue Fund (56) and authorize the Executive Officer to accept terms and conditions of a GGRF grant award for implementation of the Vehicle Retirement and Replacement Plus-Up Program.
2. Recognize, upon receipt, up to \$500,000 in revenue into the HEROS II Special Revenue Fund (56) from vehicle dismantlers for the scrap metal value of the vehicles retired through the EFMP and authorize the Executive Officer to execute agreements with participating vehicle dismantlers to receive this revenue.

3. Authorize the Executive Officer to approve vouchers to program participants in an amount not to exceed \$4,250,000 from the HEROS II Special Revenue Fund (56) for a minimum of 450 replacement vehicles or alternative mobility options (additional vouchers will depend on voucher monetary level provided to each eligible applicant).
4. Authorize the Chairman to amend and execute contracts from the HEROS II Special Revenue Fund (56) with the following entities:
  - a. Amend the contract with Foundation for California Community Colleges (FCCC) to add an amount not to exceed \$115,000 for conducting outreach activities, assisting program participants in processing vehicle retirements and identifying replacement vehicles, transit pass programs or car-sharing programs;
  - b. Amend the contract with Opus Inspection to add an amount not to exceed \$350,000 for conducting outreach activities and vehicle emissions testing as well as assisting program participants to identify replacement vehicles, transit pass programs or car-sharing programs; and
  - c. Execute a contract with Top Shelf Consulting, LLC, in an amount not to exceed \$300,000 for conducting outreach activities, assisting program participants in processing vehicle retirements and identifying replacement vehicles, transit pass programs or car-sharing programs.
5. Authorize the Executive Officer to execute agreements, as needed, with auto dealerships and financial institutions to establish their participation in the EFMP.
6. Transfer and appropriate up to a total of \$250,000 from the HEROS II Special Revenue Fund (56) to Science and Technology Advancement's FY 2016-17 and/or 2017-18 Budget (Org 44), Services and Supplies Major Object, as needed for EFMP outreach efforts.

Wayne Nastri  
Executive Officer

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### **Background**

The SCAQMD implements the Enhanced Fleet Modernization Program (EFMP), which is authorized by the AB 118 California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (Health and Safety Code Sections 44125-44126). The EFMP is a comprehensive statewide program with two elements: a vehicle retirement-only element and a vehicle retire-and-replacement element. The EFMP Plus-Up, which is funded through the Low Carbon Transportation Greenhouse Gas Emission Reduction Fund (GGRF), complements the EFMP by providing additional funds for light-duty pilot projects in disadvantaged communities.

The EFMP and EFMP Plus-Up is branded as the “Replace Your Ride” Program in the South Coast Air Quality Management District. To date, the SCAQMD has provided funding for vouchers to replace over 1,100 older passenger vehicles with newer fuel-efficient conventional vehicles, hybrid electric vehicles, plug-in hybrid electric vehicles and dedicated electric vehicles. Since the majority of the participants to date reside in Los Angeles County, staff recommends enhancing outreach to residents in Orange County, the Inland Empire and the Coachella Valley.

The Replace Your Ride Program is currently implemented by four contractors approved by the Board in December 2014. These contractors have provided excellent service in assisting applicants through the process and providing education to consumers regarding the program guidelines and understanding of advanced technology vehicles. There has been considerable interest in the Program with over 400 applicants currently going through the process.

On September 2, 2016, the Board issued RFP #P2017-02 to solicit proposals for new contract services to continue assisting eligible participants in the application process and/or to conduct vehicle emissions testing for the EFMP and EFMP Plus-Up. The Board also recognized up to \$3.7 million from CARB to continue the EFMP Base Program and \$10 million to continue the implementation of the EFMP Plus-Up for FY 2016-17. The EFMP base funding for vouchers will be made available to eligible consumers residing in non-disadvantaged communities as defined by CARB. A total voucher value of \$4,500 may be provided to eligible consumers for the EFMP Base Program. For eligible consumers residing in disadvantaged communities, a maximum voucher amount of \$9,500 may be provided from the EFMP Plus-Up.

At its October 2016 meeting, the CARB Board approved up to \$15 million for the SCAQMD, \$5 million more than anticipated, to continue implementation of the EFMP Plus-Up for FY 2016-17.

### **Outreach**

In accordance with SCAQMD’s Procurement Policy and Procedure, a public notice advertising the RFP inviting bids was published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County’s Press Enterprise newspapers to leverage the most cost-effective method of outreach to the South Coast Basin.

Additionally, potential bidders were notified utilizing SCAQMD’s own electronic listing of certified minority vendors. Notice of the RFP was emailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at SCAQMD’s website (<http://www.aqmd.gov>).

**Bid Evaluation**

By the November 10, 2016 deadline for the RFP, four proposals were received. The proposals were reviewed and evaluated by a four-member panel in accordance with established SCAQMD guidelines, using technical and cost criteria outlined in the RFP. The four-member panel consisted of a Planning and Rules Manager and a Program Supervisor from SCAQMD as well as a Staff Air Pollution Specialist and an Air Pollution Specialist from CARB. The panel members included one Asian-American and three Caucasians; all male.

Table 1 shows the four proposals and summarizes the evaluation scores. Proposals receiving a technical score of at least 56 out of 70 points were considered qualified and eligible for contract awards. Proposals with scores above 56 points were also awarded up to 30 points for the cost score and a maximum of 15 additional points for special business categories as defined in the RFP.

**Table 1.** Proposal Scores

| <b>Proposer</b>                              | <b>Technical Score*</b> | <b>Cost Score</b> | <b>Additional Points</b> | <b>Total Score</b> |
|--|-------------------------|-------------------|--------------------------|--------------------|
| Opus Inspection                              | 66                      | 30                | --                       | 96                 |
| Top Shelf Consulting, LLC                    | 65                      | 25                | 15                       | 105                |
| Foundation for California Community Colleges | 63                      | 29                | --                       | 92                 |
| Gladstein, Neandross & Associates            | 56                      | 9                 | 15                       | 80                 |

\*ranked by Technical Score

All proposals received are from entities currently under contract with the SCAQMD to implement the existing program. Each proponent demonstrated a familiarity with program eligibility requirements and logistical implementation, but the submittals made by Opus Inspection, Top Shelf and FCCC provided the greatest level of detail, experience and working knowledge of program implementation. In the discussions among the technical review panel members, it was noted that each proposal provided a unique approach to the outreach and vehicle emissions testing elements of the Program. Based on the technical scores from the review panel, all four proposals are deemed technically qualified to perform the services requested in the RFP.

**Proposal**

This action is to recognize, upon receipt, up to \$5 million in EFMP Plus-Up funding from CARB (in addition to the \$10 million already recognized by the Board in September 2016) to extend implementation of the EFMP Program and to authorize the Executive Officer to accept terms and conditions of a GGRF grant award for implementation of the Vehicle Retirement and Replacement Plus-Up Program.

The total FY 2016-17 and FY 2017-18 funding for the continued Program implementation would be up to \$15 million for the EFMP Plus-Up, and \$3.7 million for the EFMP Base Program for a total of \$18.7 million. CARB allows up to 15 percent of the award (or \$2,805,000) to cover administrative costs. With the \$18.7 million award, staff estimates that a minimum of 2,500 vouchers would be available to eligible consumers.

Additionally, in implementing the scrap element of the EFMP pilot program, the participating auto dismantler agreed to pay the SCAQMD up to \$200 for each vehicle scrapped, reflecting the value of the scrapped metal. Therefore, this action is to also recognize up to \$500,000 in revenue into the HEROS II Special Revenue Fund (56) from participating auto dismantlers for the scrap metal value of the vehicles retired and crushed under this program. Agreements will be executed with participating auto dismantlers to receive this revenue, which will be used for future voucher awards, subject to Board approval.

To implement the Program using the new funding, these actions are to: 1) authorize the Executive Officer or his designee to approve vouchers to qualified participants in an amount up to \$4,250,000 for a minimum of 450 vouchers (such authority was already granted for the revenue recognized in September 2016); and 2) transfer and appropriate up to \$250,000 from the HEROS II Special Revenue Fund (56) to Science and Technology Advancement's FY 2016-17 and/or 2017-18 Budget (Org 44), Services and Supplies Major Object, as needed, to cover administrative costs and outreach efforts by consultants or temporary employees.

There is also a need to provide greater outreach to residents living in Orange, Riverside and San Bernardino counties to encourage participation in the Program. This final action is to amend or execute contracts with FCCC, Opus Inspection and Top Shelf. Multiple contract awards will provide greater resources geographically across the South Coast Air Basin and Coachella Valley. While each of the proposed contractors will provide consumer outreach and application processing for all eligible consumers residing in the South Coast Air Basin and Coachella Valley, staff is proposing that Top Shelf focus its outreach efforts in Los Angeles County, while FCCC and Opus Inspection focus their outreach efforts in Orange, San Bernardino and Riverside counties including the Coachella Valley, based on the scope of work provided in each proposal. It is also anticipated that additional special outreach events will be conducted at which time all of the proposed consultants will be participating.

Opus Inspection and Top Shelf based their costs on processing 2,000 applications, while FCCC based their costs on processing a smaller number of applications. These actions are to, amend the contract with FCCC to add an amount not to exceed \$115,000; amend the contract with Opus Inspection to add an amount not to exceed \$350,000, and execute a contract with Top Shelf Consulting, LLC, in an amount not to exceed

\$300,000 from the HEROS Special Revenue Fund (56) for an 18-month performance period. There is sufficient administrative funds available in Fund 56 to cover the cost of the three contracts.

FCCC will provide bilingual case management to process applications and walk applicants through the process. FCCC will develop a Frequently Asked Questions component for the program website, which will address the most commonly asked questions FCCC encountered during current program implementation by call center staff and case managers. Because a significant challenge in the application process is to obtain sufficient supporting documentation, FCCC will provide specific examples of supporting documentation and alternatives, with helpful Web links (e.g. to the Department of Motor Vehicles) for posting on the program website. FCCC will also maintain and update program operations manuals and develop training materials and deliver training courses to dealerships, dismantlers and other strategic partners. Lastly, FCCC will hold sign-up and emissions testing events at community colleges, as needed, to complement the weekend vehicle emissions testing to be performed by Opus Inspection.

Opus Inspection will also provide bilingual case management to process applications and walk applicants through the process. Opus Inspection proposes to dedicate nearly 97 percent of its labor hours to case processing and outreach in addition to the weekend vehicle emissions testing events. Case managers would be hired from the communities that they serve and will operate out of Fullerton. Opus Inspection is offering to provide more frequent vehicle emissions testing on weekends and will be integrating the emissions data into the SCAQMD's website database.

Top Shelf Consulting will provide bilingual case management to process applications and walk applicants through the process. They will provide face-to-face interaction with applicants who have the option to meet with case managers at their Whittier office. This is especially effective for those with functional literacy limitations or limited English proficiency. They are offering a streamlined and reduced cost procedure for participants to relinquish their vehicles to dismantlers. They will partner with smog check stations to improve the logistics for participants to obtain vehicle emissions data. They will continue to work with established community outreach partnerships in disadvantaged communities, especially within Los Angeles County. They will also continue their efforts to secure new auto dealerships and financial institutions to participate in the Program.

All entities have sufficient related experiences and qualifications to cover the array of tasks required for effective implementation of the EFMP. After discussions with each of the entities, proposal details will be used to allocate program tasks and funding for the execution of multiple contracts. In addition to covering all of the tasks identified in the RFP, an effort will be made to award contracts in a manner that best addresses

outreach in low-income and disadvantaged communities. This includes optimizing the spatial coverage of outreach efforts, utilizing community-based organizations for outreach, and also supporting event-oriented outreach.

Currently, participating auto dealerships and financial institutions establish their participation and understanding of the EFMP provision through execution of an agreement with one of the three Contractors. Moving forward, staff is recommending that the SCAQMD execute agreements directly with participating auto dealerships and financial institutions, as needed, or be named as a third-party beneficiary in an agreement between one of SCAQMD's Contractors and the participating dealership or financial institution, in order to provide additional oversight on the implementation of the Program.

Lastly, as mentioned above, staff proposes to make a concerted outreach effort to solicit consumers residing in Orange, Riverside and San Bernardino counties to participate in the EFMP. Prior outreach events held in Los Angeles County and Orange County entailed having the Contractors set up booths to process current applicants and having the applicant's vehicle emissions tested. In addition, new applications may be taken on site. The events were typically held at an auto dealership providing applicants the convenience to shop for a replacement vehicle once their application had been approved to proceed with the purchase of a replacement vehicle. Moving forward, staff anticipates conducting a greater number of outreach events to solicit greater participation. Staff will also work with participating auto dealerships and non-government organizations including local community organizations to provide outreach on the Program and encourage program participation. To help cover the costs associated with outreach events, staff is recommending that the Board transfer \$250,000 from the administrative fund portion of the HEROS II Special Revenue Fund (56) to Science and Technology Advancement's FY 2016-17 and/or FY 2017-18 Budget, Services and Supplies Major Object, to conduct up to 12 outreach events. In addition to the special outreach events, the funds will be used to cover call center activities and other associated administrative costs including the cost of printing outreach materials such as program brochures. The remaining funds will be used primarily for assistance, which may include temporary or contract services, to process vouchers for final approval.

### **Benefits to SCAQMD**

Continued successful implementation of the Pilot Retire and Replace Program element of the EFMP will further reduce emissions by accelerating the turnover of high-emitting vehicles with cleaner, more environmentally friendly replacement vehicles or alternatively provide vouchers for public transportation, car sharing and other mobility options. Incentives for program participation will continue to be provided to low- and middle-income vehicle owners to ensure that their neighborhoods will benefit from cleaner replacement vehicles.

**Resource Impacts**

At its October 2016 meeting, the CARB Board approved up to \$15 million from the GGRF to continue implementation of the EFMP Plus-Up for FY 2016-17. This action will provide additional funds to continue implementing the EFMP Plus-Up Program in the South Coast Air Basin and Coachella Valley as proposed by this Board letter.

Table 2 below provides a summary of the proposed funding.

**Table 2:** Proposed Funding from the GGRF  
for the Continued Implementation of the EFMP Plus-Up Program

| <b>Proposed Funding</b>                      | <b>Funding Amount</b> |
|--|-----------------------|
| <b>Funding for Vouchers</b>                  |                       |
| EFMP Plus-Up                                 | \$4,250,000           |
| <b>Total Funding for Vouchers</b>            | <b>\$4,250,000</b>    |
|  |                       |
| <b>EFMP Marketing and Outreach</b>           |                       |
| Foundation for California Community Colleges | \$115,000             |
| Opus Inspection                              | \$350,000             |
| Top Shelf                                    | \$300,000             |
| Event Outreach & Administrative Support      | \$250,000             |
| <b>Total Marketing and Outreach Funds</b>    | <b>\$1,015,000</b>    |
|  |                       |
| <b>Grand Total</b>                           | <b>\$5,265,000</b>    |