

BOARD MEETING DATE: November 1, 2019

AGENDA NO. 4

PROPOSAL: Recognize Revenue, Transfer Funds, Amend Contracts for Enhanced Fleet Modernization Program and Reimburse General Fund for Administrative Costs

SYNOPSIS: Since 2015, the South Coast AQMD has been implementing an Enhanced Fleet Modernization Program (EFMP), branded as Replace Your Ride. For FY 2018-19, CARB has allocated \$12 million in Low Carbon Transportation funds to the South Coast AQMD for the continued implementation of the EFMP. These actions are to: 1) recognize up to \$12 million for the EFMP Plus-Up Program from CARB with the terms and conditions of the grant award; 2) transfer up to \$3 million as a temporary loan from the AB 923 Fund (80); 3) approve vouchers or other alternative mobility options until all available funds are exhausted; 4) amend contracts; and 5) reimburse the General Fund for administrative costs necessary to implement the EFMP.

COMMITTEE: Technology, October 18, 2019; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize, upon receipt, up to \$12 million from CARB (Grant #G18-PLUS-01) into the HEROS II Special Revenue Fund (56) for the EFMP Plus-Up Program.
2. Transfer up to \$3 million as a temporary loan from the AB 923 Fund (80) into the HEROS II Special Revenue Fund (56) to fund vouchers or other alternative mobility options of the EFMP program until the CARB funding has been received.
3. Authorize the Executive Officer to accept terms and conditions of the FY 2018-19 EFMP Plus-Up grant award and approve vouchers or other alternative mobility options for the continued implementation of the plus-up incentives until all funds are exhausted.
4. Authorize the Executive Officer to amend contracts for continued support of the EFMP as follows:
 - a. Add \$350,000 to Clean Fuel Connection Inc. contract from the administrative portion of the HEROS II Special Revenue Fund (56); and
 - b. Add \$300,000 to Foundation for California Community Colleges contract from the administrative portion of the HEROS II Special Revenue Fund (56).

5. Reimburse the General Fund up to \$1.2 million (or up to 10% of the grant award) from the HEROS II Special Revenue Fund (56) as authorized by the grant agreement for administrative costs necessary to implement the EFMP.

Wayne Natri
Executive Officer

MMM:NB:VW

Background

Since 2015, the South Coast AQMD has been implementing an Enhanced Fleet Modernization Program (EFMP), branded as Replace Your Ride, 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 44124-44127). The South Coast AQMD's Replace Your Ride Program is a vehicle retire and replacement program, which provides incentives to lower income motorists to scrap and replace their older, high-emitting vehicles with newer, cleaner models or other clean transportation options. The EFMP Plus-Up, which has been primarily funded through the Low Carbon Transportation Greenhouse Gas Emission Reduction Fund (GGRF), provides additional funds for qualified vehicle owners that reside in disadvantaged communities.

Since its inception, the South Coast AQMD has provided funding for the replacement of over 5,100 older passenger vehicles with newer fuel-efficient conventional vehicles, hybrid electric vehicles, plug-in hybrid electric vehicles and dedicated electric vehicles. Approximately 93 percent of the vouchers to date have been issued to participants residing in disadvantaged communities. The South Coast AQMD also maintains a user-friendly website and recently added new case managers to assist the number of participants with completing and submitting applications for the program.

For FY 2018-19, CARB has allocated the South Coast AQMD a total of \$12 million from the Low Carbon Transportation GGRF to continue implementation of the EFMP Plus-Up Program. This grant includes reimbursement of administrative costs up to 10% of the total grant award to implement the EFMP Plus-Up Program.

Proposal

These actions are to recognize up to \$12 million from CARB for the EFMP Plus-Up Program into the HEROS II Special Revenue Fund (56); transfer up to \$3 million as a temporary loan, as needed, from the AB 923 Fund (80) to the HEROS II Special Revenue Fund (56) to fund vouchers or other alternative mobility options in the EFMP Plus-Up program until the CARB funding is received; and to authorize the Executive Officer to accept terms and conditions of the grant award and approve vouchers or other

alternative mobility options for this program until all available funds are exhausted. The additional funding for FY 2018-19 will enable the continuation of this program for qualifying lower income motorists and provide additional benefits to disadvantaged communities.

The South Coast AQMD receives assistance from three contractors who provide case management support for the Replace Your Ride Program. Funding for two of the contractors is nearly fully expended. Additional funds are needed to ensure continued assistance with program implementation from Clean Fuel Connection Inc. (CFCI) and the Foundation for California Community Colleges (FCCC). This action is to authorize the Executive Officer to amend the contracts with CFCI by adding up to \$350,000 and FCCC by adding up to \$300,000 from the administrative portion of the HEROS II Special Revenue Fund (56).

This action is to also reimburse the General Fund up to \$1.2 million (up to 10% of the grant award) from the HEROS II Special Revenue Fund (56) as authorized by the grant agreement for administrative and outreach costs necessary to implement the program.

Benefits to South Coast AQMD

The Replace Your Ride Program will continue to provide incentives to qualifying lower income vehicle owners including those residing in disadvantaged communities, thereby providing emissions reduction benefits to these communities.

Resource Impacts

CARB funding (Grant #G18-PLUS-01) up to \$12 million, upon receipt, for the FY 2018-19 EFMP Plus-Up Program will be recognized into the HEROS II Special Revenue Fund (56) for continued implementation of this program. The temporary loan of \$3 million from the AB 923 Fund (80) to the HEROS II Fund (56) will be used to fund vouchers or other alternative mobility options until the \$12 million of CARB funding has been received. Funding for the contract amendments with CFCI and FCCC totaling \$650,000 is available from the administrative portion of the FY 2018-19 EFMP Plus-Up grant. The transfer of funds from the HEROS II Special Revenue Fund (56) to reimburse the General Fund for administrative costs will not exceed \$1.2 million.