

BOARD MEETING DATE: June 5, 2020

AGENDA NO. 5

PROPOSAL: Recognize Revenue and Reimburse General Fund for Administrative Costs for Enhanced Fleet Modernization Program

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 an additional \$14 million in Low Carbon Transportation funds to the South Coast AQMD for the continued implementation of the EFMP Plus-Up Program and to update the alternative mobility options for consistency with SB 400 and assist with development of CARB's One-Stop-Shop Pilot Project. For FY 2019-20, CARB has also allocated \$1.4 million in AB 118 funds to the South Coast AQMD for the continued implementation of the EFMP Base Program. These actions are to: 1) recognize \$15.4 million from CARB for the EFMP Plus-Up and Base Programs; 2) approve vouchers or other alternative mobility options, including those consistent with SB 400, until all available funds are exhausted and support development of CARB's One-Stop-Shop Pilot Project; and 3) reimburse the General Fund for administrative costs necessary to implement the EFMP.

COMMITTEE: Technology, May 15, 2020; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize, upon receipt, \$15.4 million from CARB (including \$14 million from Grant #G18-PLUS-01 Amendment 1 and \$1.4 million from Grant #G19-EFMP-01) into the HEROS II Special Revenue Fund (56) for the EFMP;
2. Authorize the Executive Officer to approve vouchers or other alternative mobility options, including those consistent with SB 400, for the continued implementation of the EFMP Plus-Up and Base incentives until all funds are exhausted and support development of CARB's One-Stop-Shop Pilot Project; and
3. Reimburse the General Fund up to \$1.54 million (or up to 10% of both grant awards) from the HEROS II Special Revenue Fund (56) as authorized by the grant agreements for administrative costs necessary to implement the EFMP.

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 beyond the EFMP Base Program for qualified vehicle owners that reside in disadvantaged communities.

Since its inception, the South Coast AQMD has provided \$50.5 million in EFMP funding for the replacement of over 6,400 older passenger vehicles with newer fuel-efficient conventional vehicles, hybrid electric vehicles, plug-in hybrid electric vehicles and zero emission vehicles. Approximately 93 percent of the vouchers have been issued to participants residing in disadvantaged communities, and 88 percent of the participants have been in the lowest poverty level. The EFMP is achieving its goal of replacing the oldest and dirtiest light-duty passenger vehicles on the road--the average scrapped vehicle is 20 years old with 180,000 miles.

In June 2019, the Board recognized revenue to assist with development of CARB's One-Stop-Shop Pilot Project, which is a new project to increase awareness of low-income residents by expanding education and outreach on the state's clean transportation and mobility options. One of the key tasks of this project is to develop and maintain a single application for low-income consumers to apply and qualify for CARB's Low Carbon Transportation Equity projects, which includes the South Coast AQMD's Replace Your Ride Program.

In September 2019, Senate Bill 400 (Umberg) was chaptered, expanding the state's incentive for turning in old, polluting cars to include e-bikes and bikesharing as mobility options.

In November 2019, the Board recognized \$12 million in revenue from CARB for the FY 2018-19 EFMP. Based on the success and demand of South Coast AQMD's Replace

Your Ride Program, CARB has allocated the South Coast AQMD an additional \$14 million in FY 2018-19 Low Carbon Transportation funds for the continued implementation of the EFMP Plus-Up Program.

For FY 2019-20, CARB has allocated \$1.4 million in AB 118 funds to South Coast AQMD for the continued implementation of the EFMP Base Program. The additional funding will enable the continuation of the EFMP Base Program while offering eligible participants alternatives in replacement vehicle technologies.

Proposal

This action is to recognize \$15.4 million from CARB into the HEROS II Special Revenue Fund (56) for the continued implementation of the South Coast AQMD's Replace Your Ride Program. This revenue includes award providing an additional \$14 million for the FY 2018-19 EFMP Plus-Up Program and \$1.4 million for the FY 2019-20 EFMP Base Program. This action is to also authorize the Executive Officer to approve vouchers or other alternative mobility options, including e-bikes and bikesharing per SB 400 and support development of CARB's One-Stop-Shop Pilot Project, as allowed by these grants, until all funds are fully exhausted.

This action is to also reimburse the General Fund up to \$1.54 million (or up to 10% of both grant amounts) from the HEROS II Special Revenue Fund (56) for administrative and outreach costs necessary to implement the program.

Benefits to South Coast AQMD

Replace Your Ride will continue to provide incentives to qualifying lower income vehicle owners, including those residing in disadvantaged communities, and provide emissions reduction benefits to these communities and throughout the region. Implementing SB 400 will provide participants with additional clean transportation options in lieu of a replacement vehicle. South Coast AQMD's support in developing CARB's One-Stop-Shop is expected to increase awareness of the Replace Your Ride Program and inform potential applicants of other state incentives that may be available to them.

Resource Impacts

The revenue, comprised of \$14 million in additional FY 2018-19 EFMP Plus-Up funds (Grant #G18-PLUS-01 Amendment 1) and \$1.4 million in EFMP Base funds (Grant #G19-EFMP-01), will be recognized into the HEROS II Special Revenue Fund (56). Reimbursement of the General Fund for administrative costs will not exceed \$1.54 million (or up to 10% of both grant amounts).