

BOARD MEETING DATE: September 7, 2018

AGENDA NO. 4

PROPOSAL: Recognize Revenue from CARB for Carl Moyer Program and EFMP; Transfer and Appropriate Funds, Amend Contract for Implementing Assistance and Reimburse General Fund for Administrative and Outreach Costs for EFMP

SYNOPSIS: CARB has allocated \$2,674,384 to SCAQMD under the Voluntary NOx Remediation Measure (NRM) Funding Program. These actions are to recognize \$2,674,384 into the Carl Moyer Program Fund (32) and execute a Memorandum of Agreement with CARB for implementation of the NRM Funding Program. Since 2015, SCAQMD has been implementing an Enhanced Fleet Modernization Program (EFMP), branded as Replace Your Ride. For FY 2017-18, CARB allocated SCAQMD an additional \$16.4 million in funds to continue implementation of EFMP. These actions are to recognize up to \$16.4 million for EFMP, accept terms and conditions of the grant awards, approve vouchers or other alternative mobility options until all available funds are exhausted, amend a contract for case management and vehicle remote sensing activities in support of EFMP in an amount not to exceed \$550,000 from the HEROS II Special Revenue Fund (56), transfer and appropriate up to \$65,500 to Science & Technology Advancement's FY 2018-19 or 2019-20 Budget, and reimburse the General Fund for administrative and outreach costs necessary to implement EFMP.

COMMITTEE: Technology, July 20, 2018; Recommended for Approval

RECOMMENDED ACTIONS:

1. Recognize, upon receipt, up to \$2,674,384 from CARB's Voluntary NOx Remediation Measure Funding Program into the Carl Moyer Program Fund (32), and authorize the Executive Officer to execute a Memorandum of Agreement with CARB for implementation of this program.
2. Recognize, upon receipt, up to \$16.4 million from CARB's Enhanced Fleet Modernization Program into the HEROS II Special Revenue Fund (56), and authorize the Executive Officer to accept terms and conditions of the grant awards

from CARB and to approve vouchers or other alternative mobility options for the continued implementation of the EFMP base and plus-up incentives until all funds are exhausted.

3. Authorize the Executive Officer to amend a contract with Opus Inspection to continue case management and remote sensing activities in support of the EFMP for an amount not to exceed \$550,000 from the administrative portion of the HEROS II Special Revenue Fund (56).
4. Reimburse the General Fund up to \$2,460,000 from the HEROS II Special Revenue Fund (56) as authorized by the grant agreements for the administrative and outreach costs necessary to implement the EFMP.
5. Transfer, as needed, up to \$65,500 from the HEROS II Special Revenue Fund (56) to the General Fund and appropriate up to \$65,500 to Science & Technology Advancement's FY 2018-19 or 2019-20 Budget, Services and Supplies Major Object, Professional and Special Services Account, for EFMP marketing and outreach efforts.

Wayne Natri
Executive Officer

MMM:FM:VW

Background

CARB has allocated \$2,674,384 to the SCAQMD under the Voluntary NOx Remediation Measure (NRM) Funding Program. Projects under the NRM are to be implemented pursuant to the Carl Moyer Program guidelines with a cost-effectiveness limit of \$10,000 per ton for NOx reductions. Projects that are eligible for the Carl Moyer Program funding will be eligible for NRM funding.

Since 2015, the SCAQMD 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 EFMP is a comprehensive statewide program with two elements: a vehicle retirement only element and a vehicle retire and replacement element. The SCAQMD's EFMP is a vehicle retire and replacement program, which provides incentives to low-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), complements the base EFMP by providing additional funds for vehicle owners that reside in disadvantaged communities.

To date, SCAQMD has provided funding for replacement of over 3,000 older passenger vehicles with newer fuel-efficient conventional vehicles, hybrid electric vehicles, plug-in hybrid electric vehicles and dedicated electric vehicles. For FY 2017-18, CARB has allocated SCAQMD additional funds to continue implementation of EFMP, including \$1.4 million from Assembly Bill 97 (the Budget Act of 2017) for the EFMP base and \$15 million in plus-up funds from the Low Carbon Transportation Program/Volkswagen Settlement Fund. The EFMP provides reimbursement of administrative and outreach costs up to 15 percent of the award amount.

Proposal

These actions are to recognize \$2,674,384 from CARB's NRM Funding Program into the Carl Moyer Program Fund (32) and authorize the Executive Officer to execute a Memorandum of Agreement with CARB for implementation of this program. Projects funded by the NRM must adhere to the Carl Moyer Program Guidelines, except with a lower cost-effectiveness limit of \$10,000 per ton of NOx reduced. Staff anticipates the selection of projects for the NRM will be made from the backup list from this year's Carl Moyer Program, which received funding requests that far exceeded the amount of available funds.

The Replace Your Ride Program has been largely successful since its inception in 2015, and has become a well-established program for providing emissions reduction benefits to disadvantaged communities. Of the vouchers issued, approximately 94 percent of the low-income participants reside in disadvantaged communities. The SCAQMD has developed a user-friendly website and added new case managers to assist the growing number of participants with completing and submitting applications to the program. These actions are to recognize up to \$16.4 million from CARB's Enhanced Fleet Modernization Program into the HEROS II Special Revenue Fund (56) and authorize the Executive Officer to accept terms and conditions of the grant awards and approve vouchers or other alternative mobility options for this program until all available funds are exhausted. The additional funding for FY 2017-18 will enable the continuation of this program for qualifying low-income motorists and provide additional benefits to disadvantaged communities.

Replace Your Ride is implemented with the assistance of contractors, one of which is Opus Inspection. Opus Inspection provides case management support and remote sensing measurements of vehicle emissions, an integral part of SCAQMD's Replace Your Ride Program. However, Opus Inspection's current contract needs an augmentation of funds to continue to assist with implementation of the program given the new funding. This action is to authorize the Executive Officer to amend the contract with Opus Inspection, adding an additional \$550,000 from the administrative portion of the HEROS II Special Revenue Fund (56) to provide continued case management support and remote sensing measurements of vehicle emissions.

Finally, these actions are to transfer up to \$65,500 from the HEROS II Special Revenue Fund (56) to the General Fund, appropriate up to \$65,500 to Science & Technology Advancement's FY 2018-19 or 2019-20 for marketing and outreach efforts, and reimburse the General Fund from the HEROS Special Revenue Fund (56) for administrative and outreach costs up to \$2,460,000 to implement the EFMP.

Benefits to SCAQMD

The successful implementation of the NRM Funding Program and the EFMP will further reduce emissions by accelerating the turnover of high-emitting vehicles with cleaner, more fuel efficient replacement vehicles. The EFMP will continue to provide incentives to qualifying lower income vehicle owners including those residing in disadvantaged communities, thereby providing emission reduction benefits to these communities.

Resource Impacts

Revenue for the NRM Funding Program totaling \$2,674,384 will be recognized into the Carl Moyer Program Fund (32). Revenue for the EFMP totaling up to \$16.4 million (\$1.4 million for the base and \$15 million for the Plus-Up Program) will be recognized into the HEROS II Special Revenue Fund (56) for continued implementation of EFMP.

The contract amendment with Opus Inspection will not exceed \$550,000 from the administrative portion of the HEROS II Special Revenue Fund (56), the transfer and appropriation for marketing and outreach costs will not exceed \$65,500, and reimbursement of administrative and outreach costs will not exceed \$2,460,000.