

BOARD MEETING DATE: May 1, 2020

AGENDA NO. 8

PROPOSAL: Approve Allocation of Funds as Approved by MSRC

SYNOPSIS: As part of their FYs 2018-21 Work Program, the MSRC approved a funding allocation towards the Voucher Incentive Program (VIP) Plus Up Incentive to encourage the replacement of older, higher-polluting vehicles with vehicles at least 90% cleaner than current standards. At this time the MSRC seeks Board approval of the allocation as part of the FYs 2018-21 Work Program.

COMMITTEE: Mobile Source Air Pollution Reduction Review, April 16, 2020;
Recommended for Approval

RECOMMENDED ACTION:

Approve MSRC allocation in an amount not to exceed \$5,000,000 for partnership with South Coast AQMD on implementation of VIP Plus Up Incentive, with funding to support vehicle owners in going a step further to achieve additional surplus emission reductions of at least 90% compared to current standards, as part of the approval of the FYs 2018-21 Work Program, as described in this letter.

Larry McCallon
Chair, MSRC

MMM:NB:CR

Background

In September 1990, Assembly Bill 2766 was signed into law (Health & Safety Code Sections 44220-44247) authorizing the imposition of an annual \$4 motor vehicle registration fee to fund the implementation of programs exclusively to reduce air pollution from motor vehicles. AB 2766 provides that 30 percent of the annual \$4 vehicle registration fee subvented to the South Coast AQMD be placed into an account to be allocated pursuant to a work program developed and adopted by the MSRC and approved by the Board.

Outreach

South Coast AQMD has been successfully implementing VIP for many years. The VIP Plus Up Incentive would be promoted in collaboration with existing outreach efforts. Information would be placed on the South Coast AQMD and MSRC websites along with information distributed to the approved VIP Dealers who are the frontline points of contact to interested program participants.

Proposal

At its April 16, 2020 meeting, the MSRC considered recommendations from its MSRC-TAC and approved the following:

VIP Plus Up Incentive

Using funds provided by the California Air Resources Board (CARB), South Coast AQMD implements the VIP to encourage the replacement of older, higher-polluting vehicles with newer, lower-emission vehicles which meet the 0.20 g/bhp-hr NO_x standard. The program features a rapid response time and is limited to small fleets of 10 or fewer vehicles. The applicants apply through the approved VIP Dealers. Once approved, they are issued a voucher based on their historical mileage over the past 24 months and the corresponding eligible voucher amount as outlined by the VIP Guidelines. The amount of the voucher is deducted from the total purchase price of the truck by the participating dealer.

There is an opportunity to partner with South Coast AQMD to support vehicle owners in going a step further to achieve additional surplus emission reductions of at least 90% cleaner than current standards. For those fleets willing to pursue the cleanest commercially available technologies certified at 0.02 g/bhp-hr NO_x or cleaner, MSRC funds would be added to the amount of the voucher. Maximum incentive amounts, inclusive of the original vouchers, would be \$60,000 for Class 5 vehicles, \$80,000 for Class 6 vehicles, and \$100,000 for Class 7 and 8 vehicles. The MSRC considered this partnership opportunity and approved an allocation of up to \$5,000,000 to augment the South Coast AQMD funding to implement the VIP Plus Up Incentive as an element of the FYs 2018-21 Work Program.

At this time, the MSRC requests the South Coast AQMD Board to approve the funding allocation as part of approval of the FYs 2018-21 AB 2766 Discretionary Fund Work Program as outlined above. The MSRC further requests authority to adjust the funds allocated to each project specified in this Board letter by up to five percent of the project's recommended funding. The Board has granted this authority to the MSRC for all past Work Programs.

Resource Impacts

The South Coast AQMD acts as fiscal administrator for the AB 2766 Discretionary Fund Program (Health & Safety Code Section 44243). Money received for this program is recorded in a special revenue fund (Fund 23) and the contracts specified herein will be drawn from this fund.