

BOARD MEETING DATE: March 5, 2021

AGENDA NO. 4

**PROPOSAL:** Amend Contracts for Enhanced Fleet Modernization Program and Execute Contract for Program Support

**SYNOPSIS:** Since 2015, the South Coast AQMD has been implementing an Enhanced Fleet Modernization Program (EFMP), branded as Replace Your Ride. The program is administered with assistance from three contractors providing case management and remote sensing technical support. These actions are to amend contracts with three consultants to add funds for continued program support and execute a contract to provide income verification service for the program, both using funds from the HEROS II Special Revenue Fund (56).

**COMMITTEE:** Technology, February 19, 2021; Recommended for Approval

**RECOMMENDED ACTIONS:**

1. Authorize the Chairman to amend three contracts for continued support with the EFMP and add funds from the administrative portion of the HEROS II Special Revenue Fund (56) to:
  - A. Foundation for California Community Colleges, not to exceed \$450,000;
  - B. Green Paradigm Consulting, not to exceed \$450,000;
  - C. Opus Inspection, Inc., not to exceed \$500,000; and
2. Authorize the Chairman to execute a contract with Veri-Tax, Inc. not to exceed \$60,000 from the administrative portion of the HEROS II Special Revenue Fund (56) to streamline the income verification process for participants.

Wayne Nastri  
Executive Officer

**Background**

Since 2015, South Coast AQMD has been implementing the 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). South Coast AQMD’s Replace Your Ride Program provides incentives to lower income motorists to scrap and replace their older, high-emitting vehicles with newer, cleaner models or other clean transportation options. Consistent with the objectives of the program, 93 percent of the grant recipients reside in disadvantaged communities and 88 percent are in the lowest income tier.

The program is currently oversubscribed, and a moratorium has been placed on new applications since October 15, 2020, pending the availability of additional funds from CARB. The program still has \$4.5 million of project funds remaining to process applications that have already been submitted. The funds for the three consultants’ contracts are nearly out of funds. In addition to case management work, the consultants handle the contracts with the over 60 dealerships that are partners in this program. Additional CARB funding is expected by the third quarter of 2021 for continued operation of the EFMP.

Staff currently verifies the income of participants by requesting tax transcripts from the Internal Revenue Service. The process is not user-friendly and can often delay voucher processing. Income verification is one of the required implementation steps to determine the voucher amount and ensure program integrity.

**Proposal**

Funding for the three contractors assisting with implementation of Replace Your Ride are almost fully expended. These actions are to amend their contracts by adding funds in the amounts shown in the following table, from the administrative portion of the HEROS II Special Revenue Fund (56).

Foundation for California Community Colleges	\$450,000
Green Paradigm Consulting	\$450,000
Opus Inspection	\$500,000

Staff proposes to execute a new contract with Veri-Tax, Inc. not to exceed \$60,000 to provide streamlined income verification services for the program. Each verification will be charged a \$10 fee by Veri-Tax and the rate is based on a combined volume rate for South Coast AQMD and Bay Area AQMD, which also utilizes the service for their EFMP.

**Sole Source Justification**

Section VIII.B.2. of the Procurement Policy and Procedure identifies four major provisions under which a sole source award may be justified. The request for sole source award for the Veri-Tax contract is made under provision B.2.c.(1): The unique experience and capabilities of the proposed contractor or contractor team. Veri-Tax is the market leader in this segment and is reputable for delivering the quickest income verification for account holders. This responsiveness is essential for the EFMP program to reduce the application backlog. Veri-Tax is also accustomed to servicing government agencies and is currently providing the same service to the Bay Area AQMD's EFMP program.

**Benefits to South Coast AQMD**

Successful implementation of 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. The services of Veri-Tax, Inc, will provide a streamlined income verification process which will improve efficiency, increase staff productivity, and help maintain program integrity.

**Resource Impact**

Total funding to be added to the consultants' contracts will not exceed \$1.4 million and the contract with Veri-Tax, Inc. will not exceed \$60,000. Revenue up to \$2.1 million in administrative funds was previously recognized in 2020 into the HEROS II Special Revenue Fund (56) fund. There are sufficient administrative funds in the HEROS II Special Revenue Fund (56) for this fund.