

BOARD MEETING DATE: April 4, 2025

AGENDA NO. 9

PROPOSAL: Transfer Funds for Replace Your Ride Voucher Payments

SYNOPSIS: South Coast AQMD is implementing the Enhanced Fleet Modernization Program, branded as Replace Your Ride (RYP), since 2015. In October 2024, the RYP program transitioned to a new CARB grant which modified the disadvantaged community identification method. Under the program, applicants residing in a disadvantaged community can qualify for an additional Plus-Up incentive amount of \$2,000. There were 104 RYP applicants that received the \$2,000 Plus-Up incentive that resided in a disadvantaged community under the old method, but did not meet the modified method. As a result, \$208,000 is needed to reimburse the RYP program for the 104 low-income applicants that received the additional \$2,000 Plus-Up incentive. This action is to transfer up to \$208,000 from the BP ARCO Settlement Project Fund (46) to the HEROS II Special Revenue Fund (56) to reimburse the grant funds for the 104 applicants that received the additional \$2,000 Plus-Up incentives.

COMMITTEE: No Committee Review

RECOMMENDED ACTIONS:

Authorize the Executive Officer to transfer funds, not to exceed \$208,000, from BP ARCO Settlement Project Fund (46) to the HEROS II Special Revenue Fund (56) to reimburse the RYP program funds G22-CC4A-01 and EFMP Recycling Fund for the 104 applicants that inadvertently received the additional \$2,000 Plus-Up Incentive.

Wayne Natri
Executive Officer

Background

South Coast AQMD has implemented the Enhanced Fleet Modernization Program (EFMP), branded as Replace Your Ride (RYP), since 2015. The RYP Program is a vehicle retirement and replacement program that incentivizes lower-income motorists to scrap and replace their older, high-emitting vehicles with newer, cleaner models or clean transportation options. Since its inception, South Coast AQMD has provided over \$73 million in funding and replaced over 12,000 older passenger vehicles with newer, cleaner, and more fuel-efficient vehicles, which resulted in annual reductions of 91 tons of NOx and 4.9 tons of PM emissions. The replacement vehicles include conventional, hybrid electric, plug-in hybrid electric, and zero-emission vehicles. In lieu of a replacement vehicle, participants can also select an Alternative Mobility voucher for public transportation and car sharing or an E-bike. Approximately 93 percent of the vouchers have been issued to participants residing in disadvantaged communities prior to the change in CARB's disadvantaged community identification method. The EFMP is achieving the goal of replacing the oldest and dirtiest light-duty passenger vehicles on the road. The old vehicles have an average mileage of 180,000 and are 22 years old on average.

In the most recent program agreement (G22-CC4A-01), CARB modified the disadvantaged community geographic identification criteria for the first time since program inception, switching from the use of disadvantaged community ZIP Codes to Census Tracts. During application of the new method, 104 participants who were in the proper zip codes but outside of the census tracts were inadvertently qualified for the additional incentive. These 104 participants received the additional Plus-Up incentive of \$2,000 and have already taken delivery of the replacement vehicles. As a result, \$208,000 is needed to reimburse the RYP program for the 104 lower income applicants that inadvertently received the additional Plus-Up incentive of \$2,000.

Proposal

Transfer funds from the BP ARCO Settlement Project Fund (46) to the HEROS II Special Revenue Fund (56) should not exceed \$208,000. This money will be used to reimburse G22-CC4A-01 and EFMP Recycling Fund for the 104 low-income RYP participants that received the additional Plus-Up incentive of \$2,000.

Benefits to South Coast AQMD

Replace Your Ride will continue to provide clean vehicle incentives to qualifying lower-income vehicle owners, including those residing in disadvantaged communities, thereby providing emissions reduction benefits to these communities and throughout the region. Funds are intended to reconcile overpayments due to programmatic changes and to ensure uninterrupted operation of the Replace Your Ride Program.

Resource Impacts

Sufficient funding is available from the BP ARCO Settlement Projects Fund (46) to transfer to the HEROS II Special Revenue Fund (56) to reimburse the RYR program fund for the payment made to 104 low-income participants that inadvertently received the additional Plus-UP Incentive of \$2,000.