

# Enhanced Fleet Modernization Program

**Bureau Advisory Group**  
**April 2014**

California Environmental Protection Agency



**Air Resources Board**

# Enhanced Fleet Modernization Program

- Voluntary scrap program for cars  
~\$30 million annually through 2023
- Retirement-only and Retirement plus Replacement program
- Focus on areas with greatest air quality problem
- Consider flexible compensation and low-income populations

# Current Program

- Retirement
  - Administered by BAR, statewide
  - Vehicles may be unregistered; proof CA operation required
  - \$1,000 (\$1,500 low-income, 66% participation)
  - Oversubscribed
  - Over 85,000 vehicles retired
- Replacements
  - Administered by air district
  - Vehicle purchased with voucher at dealership
  - \$2,000 (\$2,500 low-income, 77% participation)
  - 22 replacement vouchers issued

# 2013 Program Study Findings

- Study to evaluate performance and benefits
- Retirement
  - Many high emitters
  - Limited functionality limits air quality benefits
- Replacement
  - Overly-complicated process
  - Incentive levels inadequate for substantially cleaner vehicle
- Cost-effectiveness and emission benefits could be improved

# Senate Bill 459

- Increase benefits for low-income California residents
- Promote cleaner replacement vehicles
- Enhance emission reductions
- Expand outreach to community-based organizations
- Update guidelines by June 2015

# Workshops

- Held in South Coast, San Joaquin, and Sacramento
- Additional meetings
  - Governor's Office
  - Legislative staff
  - Interest Groups (CNDA, CARS, nonprofits, CBOs)

# Proposed Revisions Retirement-Only

- Maintain statewide implementation
- Limit to low-income motorists (<225% federal poverty level)
- \$1500 retirement incentive
- Require completion of smog check test (pass or fail)
- Track participation and adjust program components if needed

# Proposed Revisions

## Pilot Retire and Replace Program

- Flexibility to address regional needs
- Increased partnerships and outreach with community organizations
- Assistance to participants to complete transactions (e.g. financial education and sustainably)
- Track Program Performance

# Proposed Revisions

## Pilot Retire and Replace Program

### Minimum Criteria

- Limit to low and moderate income motorists
  - <300% federal poverty level
- Require sufficient functionality
  - e.g. smog check or current registration
- Promote advanced technology replacements
  - e.g. hybrids, plug-in hybrids, ZEVs
- Facilitate transportation mobility options
  - e.g. public transit and/or car sharing

# Pilot Retire and Replace Program Incentives

<b>Income Eligibility</b>	<b>Retire and Replace with &lt;8 year old</b>	<b>Retire and Replace with hybrid</b>	<b>Retire and Replace with plug-in hybrid</b>	<b>Retire and Replace with zero-emission vehicle</b>
Low Income <225% FPL	\$4,000	\$4,500	\$4,500 + Low-Carbon Transportation (CVRP-like) Incentives	\$4,500 + Low-Carbon Transportation (CVRP-like) Incentives
Moderate Income <300% FPL	\$3,000	\$3,500	\$3,500 + Low-Carbon Transportation (CVRP-like) Incentives	\$3,500 + Low-Carbon Transportation (CVRP-like) Incentives

# Potential Replacement Program Models

- Dealership-based model
- Event-based model
- Other models can be piloted as long as minimum criteria are met

# Consumer Protection

- Pilots must include consumer protection
- Loan Examples
  - Financial counseling, cap on interest, etc.
- Vehicle Examples
  - Independent vehicle inspection, vehicle history, pre-approved pricing
- Program Oversight
  - Regular review and audit

# Workshop Comments

- Low-Income and Disadvantaged Communities
  - Trust is an issue
  - Barriers to Participation
  - Access to Advance Technology
- Dealer Concerns
  - Financing
  - Outreach
- Replacement Vehicle Options
  - MPG requirements limiting
  - Expand income eligibility

# Timeline

- May 9, 2014

Release Draft Proposal and Regulation

- June 26, 2014

Proposal to Board

<http://www.arb.ca.gov/msprog/aqip/efmp/efmp.htm>