

Agenda Date: March 17, 2011
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Estimated Time: N/A
Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board
FROM: Terry Dressler, Air Pollution Control Officer
CONTACT: Ron Tan (961-8812)
SUBJECT: Old Car Buy Back Program

RECOMMENDATION:

1. Ratify amendment to March 16, 2006 Grant Agreement with Environmental Engineering Studies, Inc. by increasing the not-to-exceed limit from \$250,000 to \$2,031,750 covering all expenses incurred to date and close-out costs authorized under this Agreement for implementing the Old Car Buyback Program.
2. Terminate for convenience the March 16, 2006 Grant Agreement with Environmental Engineering Studies, Inc. and authorize the Control Officer to prepare and sign the termination notice.

DISCUSSION:

The Santa Barbara Air Pollution Control District (District) has successfully implemented several Old Car Buy Back programs since the early 1990's. There has been remarkable community interest in our current program which commenced in 2006. As of February 1, 2011 the District has retired 1,886 vehicles (averaging about one car/day), resulting in the reduction of almost 66 tons of ozone precursors nitrogen oxides and reactive organic compounds, at an average cost-effectiveness of \$11,173/ton.

Our current program was initiated on March 16, 2006 when your Board approved a contract in the amount of \$150,000 with Environmental Engineering Studies Inc. to act as the program manager (Attachment 1). That Board action also granted the Air Pollution Control Officer the authority to increase the contract amount by \$100,000 if justified by community interest. Due to the popularity of the program, the Control Officer exercised this authority and increased the contract amount by \$100,000 within two months.

Continued high demand for the program has led to several Board-approved program budget funding increases since 2006. Most of these funds are passed through to the seller of the old car surrendered as part of the Old Car Buy Back Program. The current breakdown of expenses for each car eligible for this program is that the owner receives \$1,000 and \$250 is charged by the Environmental Engineering Studies Inc. for their inspection and reporting costs, including \$75 that is paid to the disposal facility that actually demolishes the vehicle and provides proof of demolition.

In the course of each of these budget funding increases that were approved in the District's budgets, the original March 16, 2006 contract with Environmental Engineering Studies Inc. was never amended to increase the original grant funding amount to \$2,031,750. Staff is requesting your Board today to rectify this oversight and ratify the expenses made under the Environmental Engineering Studies contract. These include \$2,004,250 already paid to Environmental Engineering Studies Inc. for authorized expenditures made from March 2006 through January 2011, and an additional \$27,500 which may be necessary to pay for up to 22 vehicles accepted prior to February 3rd, 2011. All of these expenditures have been previously authorized by your Board in the District budget process.

Staff determined that spending authority of Department of Motor Vehicle registration (\$2 DMV surcharge) revenues for Old Car Buyback would run out in February 2011. Until your Board has approved additional spending authority for this fiscal year, no additional funds can be expended on the Old Car Buyback Program. As such, the District issued a written "stop work" order to Environmental Engineering Studies Inc. on February 3, 2011, providing direction not to accept any future program participants. The "stop work" order included a statement that the District would reimburse Environmental Engineering Studies Inc. for vehicles in process as of Feb. 3, 2011. Based on information obtained from Environmental Engineering Studies Inc. this includes 16 vehicles, for a total cost of \$27,500.

Staff notes that Environmental Engineering Studies Inc. has been operating the Old Car Buy Back Program according to California Air Resources Board requirements. An April 2007 District audit at Environmental Engineering Studies Inc.'s offices concluded the program was being operated according to California Air Resource Board requirements. In October 2009 the California Air Resources Board conducted an audit of the District's Carl Moyer Program, one of whose components is the Old Car Buy Back Program. This state audit found "that the Santa County Air Pollution Control District is implementing an effective and efficient Carl Moyer Program that achieves the expected emission reductions and meets state requirements".

More generally, staff has reviewed the implementation of the Old Car Buyback Program and has determined that efficiencies and potential cost saving would be realized if the program management were shifted to the vehicle dismantlers. Currently, the District pays Environmental Engineering Studies Inc. a management fee of \$175 per vehicle purchased for duties including (1) pre-qualifying vehicles for eligibility, (2) responding to public inquiries, (3) ensuring the vehicles are crushed and (4) ensuring that the vehicle dismantlers have the proper paperwork. Many of these duties are already being performed by the vehicle dismantlers who are paid \$75 per vehicle purchased. Contracting directly with the dismantlers would eliminate the "middleman" role performed by Environmental Engineering Studies Inc.

Given the benefits stated above, we plan to shift the program to the vehicle dismantlers. During this transition the Old Car Buy Back Program will experience a short hiatus. To begin the transition, the District is recommending that your Board (1) exercise the “for convenience” provision of Condition 12.a, (Termination) of the March 16, 2006 Grant Agreement with Environmental Engineering Studies Inc., (2) provide the required thirty day written termination notice specified in Condition 12.a of the Agreement and (3) authorize the Control Officer to prepare and sign the termination notice.

FISCAL IMPACT

Funding and appropriations for this program have been in the District’s FY05-06 through FY10-11 budgets and have come principally from Department of Motor Vehicle surcharge fees and when available, from Carl Moyer funds. We expect that future funding from Department of Motor Vehicle surcharge fees will be able to keep up with program demand. In addition, as described above we expect to realize efficiencies and cost savings by managing this program in-house.

ATTACHMENT (1)