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OPPAGA
OFFICE OF PROGRAM POLICY ANALYSIS & GOVERNMENT ACCOUNTABILITY

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Natural Gas Rebate Recipients Are Satisfied; Improved Economic Benefits Data Is Needed

at a glance

Created by the 2013 Legislature, the Department of Agriculture and Consumer Services' (DACS) Natural Gas Fuel Fleet Vehicle Rebate Program helps businesses and public entities reduce the cost of vehicles that use natural gas fuels. In general, rebate recipients are satisfied, but they expressed concerns about several aspects of the program.

OPPAGA's review found that the rebate program would benefit from a more comprehensive application review process, improved information gathering, and enhanced monitoring. While program staff reviews applications for eligibility and completeness, they do not assess the accuracy and validity of the economic benefit information. As a result, applicants provided inconsistent and sometimes inaccurate information.

To meet the Legislature's information needs regarding the rebate program's value, DACS could enhance the program's application and review processes, including utilizing standardized methodologies for calculating total investment and fuel savings and following a more formal monitoring process.

Scope

Chapter 2013-198, *Laws of Florida*, directs OPPAGA to review the Department of Agriculture and Consumer Services' (DACS) Natural Gas Fuel Fleet Vehicle Rebate Program and provide a report to the Legislature by January 31, 2016.

Background

The 2013 Legislature established the Natural Gas Fuel Fleet Vehicle Rebate Program to promote economic growth by reducing transportation costs and encouraging freight mobility investments. The program helps businesses and public entities reduce the cost of fleet vehicles that use natural gas fuels by offering rebates for vehicle purchase, lease, or conversion.[1] The decision to shift fleet vehicles to natural gas depends not only on the vehicle cost but also on the availability of natural gas fueling stations, which require a significant financial investment.[2]

Advocates highlight several economic, environmental, and other benefits associated with natural gas fuels.

- Natural gas can provide a fuel savings for owners because prices are lower than traditional fuels such as gasoline or diesel.
- Natural gas vehicles produce lower emissions and are considered better for the environment.
- Certain large natural gas vehicles (e.g., sanitation trucks and buses) may benefit communities by producing less noise pollution than diesel-powered vehicles.

[1] As defined in s. 377.810 (2)(f), *F.S.*, natural gas includes all forms of fuel commonly or commercially known or sold as natural gasoline, butane gas, propane gas, or any other form of liquefied petroleum gas, compressed natural gas, or liquefied natural gas.

[2] The cost of a natural gas fueling station depends on size and other factors. A typical company might invest $1 million to $2 million per fueling station.

DACS administers the rebate program. The Department of Agriculture and Consumer Services' Office of Energy manages the rebate program.[3] While the office did not receive any additional positions, at least five office staff have some program responsibilities, in addition to other department duties.

The program accepts rebate applications beginning on the first day of each fiscal year (July 1), and applications can be submitted at any time during the year.[4] State law and rules specify the application and award process and require that applications and related documents be submitted by hand or certified letter. Program staff reviews applications for eligibility and completeness and awards rebates on a first-come, first-served basis. As long as vehicles were placed into service after July 1, 2013, a company can request rebates in subsequent fiscal years. The statute also directs DACS to assess the rebate program each fiscal year.

Governmental and commercial entities (i.e., businesses) apply for rebates for the purchase, lease, or conversion of natural gas vehicles. A vehicle purchase includes new natural gas vehicles as well as new gasoline or diesel vehicles that are modified by a dealer to use natural gas in addition to or instead of gasoline or diesel. A vehicle modified to use natural gas by a third party entity is considered a conversion. An individual rebate application is required for each vehicle purchased, leased, or converted.

Recipients receive rebates up to 50% of the eligible cost of a vehicle purchase, lease, or conversion. However, a rebate cannot exceed $25,000. The eligible cost is the difference between the price of an equivalent gasoline or diesel vehicle and the price of a natural gas vehicle (i.e., incremental cost). For example, while a diesel tractor trailer truck could cost $128,000, the equivalent natural gas tractor trailer truck could cost $208,000. In this example, the eligible cost for the rebate is $80,000; 50% of the cost difference is $40,000. However, the most the recipient can receive is $25,000.

Applicants can apply for rebates for multiple vehicles; the maximum total allowable rebate to one entity is $250,000 per fiscal year.

Since inception, the program has awarded over $9 million in rebates; unused funds have reverted to the treasury each year. In the program's first two years, it processed over 1,471 applications and awarded $9.1 million in rebates for 790 vehicles. (See Exhibit 1.) The program denied applications because they were incomplete (e.g., inadequate proof of payment information, lacking required environmental protection certificates, etc.) or ineligible because the vehicles had been placed in service prior to the program's start date.[5]

Exhibit 1
In Fiscal Years 2013-14 and 2014-15, the Program Awarded $9.1 Million in Rebates

		Fiscal Year		
		2013-14	2014-15	Total
Applications Received		572	899	**1,471**
Applications Approved	Commercial	183	229	**412**
	Governmental	89	289	**378**
	Total	272	518	**790**
Funds Awarded	Commercial	$2,922,162	$3,242,016	**$6,164,178**
	Governmental	$949,441	$1,988,636	**$2,938,078**
	Total	$3,871,603	$5,230,652	**$9,102,255**

Source: OPPAGA analysis of Department of Agriculture and Consumer Services data.

Program applicants include both large and small businesses and local governments. In Fiscal Year 2013-14, total rebate amounts ranged from $1,000 to $250,000; during this period, eight companies received the maximum $250,000 rebate. In Fiscal 2014-15, total rebate amounts ranged from $2,017 to $250,000; six companies received the maximum rebate.[6]

[3] Section 377.810, *F.S.*, and 50-4.001, *F.A.C.*

[4] The exception was during the first year of program implementation, when applications were submitted in January.

[5] For lists of rebate applicants, see the Natural Gas Fuel Fleet Program website.

[6] In Fiscal Year 2013-14, City Furniture, Dillon Transport, JJ Distributing, and Saddle Creek Transportation received the maximum rebate. In Fiscal Year 2014-15, Raven Transport Company and Waste Pro of Florida also received the maximum rebate. Three companies received the maximum rebate for both of those fiscal years: United Parcel Service, Waste Management Inc., of Florida, and WCA Waste Corporation.

Commercial applicants include national delivery services (e.g., FedEx and United Parcel Service) and telecommunication and sanitation companies (e.g., AT&T and Waste Management) as well as smaller, local businesses. Cities, counties, and school districts (e.g., Putnam County School District and Leon County Board of County Commissioners) typically obtain rebates for purchasing natural gas utility trucks, law enforcement vehicles, and school buses.

The Legislature provided $6 million per year in recurring general revenue for the rebate program for Fiscal Years 2013-14 through 2016-17. As required by state law, 60% of funds are set aside for commercial applicants and 40% for government applicants. At the end of the first application cycle, $2,128,397 in funds remained, while $769,348 in funds remained at the end of the second application cycle. In the program's second year, the amount of remaining funds decreased and the balance between commercial and government funds narrowed.

Findings

Stakeholders and rebate recipients are generally satisfied, but have concerns about application procedures

Stakeholders believe that the Natural Gas Fuel Fleet Vehicle Rebate Program contributes to the expansion of natural gas fueling stations in Florida. According to stakeholders, natural gas vehicles need a higher concentration of fueling stations across the state to be viable for increased commercial use. Consequently, building infrastructure is vital to increasing natural gas vehicle use. Over the two years since program inception, the number of natural gas fueling stations in Florida increased from 18 to 65 (a 261% increase).[7]

Rebate recipients expressed support for the program. OPPAGA sought input about the application and award process and received responses from 60% of rebate recipients (29).[8] In general, these recipients were satisfied with their experience with the program. In particular, they noted positive experiences with program staff.

Recipients also noted a range of benefits resulting from the rebate program.

- Rebates offset the cost of investing in natural gas vehicles, and cost savings is achieved by using natural gas fuel (compared to gasoline or diesel).
- Rebates made it possible to expand existing natural gas fleets.
- Natural gas-fueled vehicles help commercial and government entities establish a reputation of helping the environment (through reduced vehicle emissions).

Recipients also suggested extending or expanding the program. For example, some recipients suggested increasing the rebate amounts to fund heavy-duty vehicles (e.g., locomotives or construction equipment) or expanding rebate eligibility to fueling stations.

Program participants reported concerns about application procedures; process changes could require statutory and rule revisions. Rebate recipients questioned the requirement for separate applications for each vehicle, as provided in department rules. Given the volume of documentation required for each application, this provision can be particularly cumbersome, as some applicants submit as many as 25 hard copy applications in a single year. Rebate recipients suggested streamlining the application process, noting that one application that included a spreadsheet listing multiple VINs and invoice numbers would be more efficient.

In addition, program rules do not allow applicants to merely correct deficiencies in their applications; instead, they must restart the application process. Recipients are dissatisfied with this requirement because it results in them having to start the application process over and moves them to the bottom of the priority list. Staff reported that over the life of the program, most applicants have resubmitted documents at least once, estimating

[7] Fishkind & Associates "Economic Impact of CNG Fueling Stations – Report Update" and the Florida Natural Gas Association.

[8] OPPAGA obtained 48 valid recipient email addresses and received responses from 29 of these rebate recipients.

that over 90% of applications contain errors.[9] Staff also noted that program changes resulted in application errors.[10] From January 2014 through March 2015, 63 entities submitted applications and 73% (46) had one or more incomplete applications. Rebate recipients suggested that it would save time to submit only information that would correct application errors rather than the entire application packet.

Recipients also noted that automating application submission would speed up processing. However, agency rule requires applications to be hand-delivered or sent by certified mail. Recipients noted in particular the advantage of making the application available in an electronic, editable form. DACS' Division of Consumer Services provides such an online form for agricultural dealer license applications. Similarly, states such as California and Oklahoma have statewide or regional natural gas incentive programs and provide editable internet application forms. Wyoming provides for email submission of all rebate application materials.

Finally, commercial recipients expressed frustration that the program returns unused funds to the treasury. Over the past two years, the program has reverted over $2.9 million in unused funds. Commercial applicants reported that they wanted to compete for these unexpended funds and obtain rebates for additional vehicles. Current program laws and rules prohibit such a redistribution of funds.[11]

The rebate program would benefit from a more comprehensive application review process, improved information gathering, and enhanced monitoring

Natural Gas Fuel Fleet Vehicle Rebate Program staff reviewed applications for eligibility and completeness, but did not assess the accuracy and validity of the economic benefit information provided by applicants. The lack of a comprehensive review process resulted in applicants providing inconsistent and sometimes inaccurate economic benefit information. In addition, program officials conducted limited monitoring of rebate recipients.

The program would benefit from a more comprehensive application review process. In reviewing applications for eligibility and completeness, program staff examined required documentation (e.g., photographic and documentary proof of purchase and payment, VIN and registration, federal environmental certificates, etc.). When necessary, staff denied applications that did not include appropriate proof of payment or other documents. While rebate approval includes several levels of review, the process could be enhanced by a more thorough process, such as comprehensive checklists or evaluation forms to guide and document consistent decisions. Some errors could be prevented by more thorough review practices.

For example, a comprehensive checklist or evaluation form could help address issues related to proportionally registered vehicles, which are owned and operated by a company doing business in multiple states. To provide rebates for vehicles that will be primarily driven in Florida, as well as avoid duplication with other states' rebate programs, DACS requires applicants to specify where a proportionally registered vehicle will be headquartered and maintained. However, it appears that this requirement is not consistently applied.[12] If the program's application process

[9] The most common errors included missing payment documentation, invoice errors, and incomplete VIN information.

[10] As the result of a rule change effective for Fiscal Year 2014-15, applicants were required to reference VINs on vehicle invoices; initially, several applicants did not include the VINs.

[11] The 2015 Legislature included proviso allowing unexpended funds to revert and be re-appropriated to the department for the rebate program. However, the Governor vetoed this language.

[12] For example, one company applied for rebates for 10 proportionally registered vehicles. DACS staff requested additional documentation and information on where the vehicles would be headquartered, fueled, and maintained. The application was approved despite the fact that the applicant did not explicitly

included an end-of-review criteria checklist or evaluation form, omissions and inconsistencies could be identified and addressed by requesting a revised application or rejecting the rebate request.

A more comprehensive process may also have identified inconsistencies in how applicants reported economic benefit information. For example, DACS had intended, and many applicants reported, fuel savings as the gallons of diesel or gasoline that were displaced by alternative fuels. So if a company's diesel truck would have burned 10,000 gallons in a year, the purchase/lease/conversion of a vehicle to natural gas means that 10,000 diesel gallons would be displaced. Some applicants used a different approach, calculating fuel savings over the life of the vehicle. The program could have addressed these calculation differences if they had been identified in the application approval process.

Economic benefit information would be enhanced if applicants were required to use uniform measures. State law requires rebate applicants to provide economic benefit information as part of the application process. DACS defines economic benefits in three ways as a guide to rebate applicants.[13]

- Total dollar value of investment in alternative fuels as a result of the project that is eligible for a rebate
- Projected amount of gasoline/diesel saved as a result of the vehicle purchase/lease or conversion (in gallons per year saved)
- Projected amount of money saved as a result of the vehicle purchase/lease or conversion (in dollars saved)

State law also requires the department to provide an annual assessment of the use of the rebate program during the previous fiscal year.[14] In its 2014 annual program report, DACS estimated a $127.9 million natural gas rebate program economic benefit and contribution to Florida's gross domestic product. However, problems with the economic benefit information that the department received from applicants may have overstated program impact.

In the absence of standard measures for program economic benefits, applicants provided inconsistent and sometimes inaccurate information. For example, applicants varied widely in how they measured total investment. Some applicants measured total investment only in terms of the purchase price or the fuel savings per natural gas vehicle. Other applicants broadly interpreted total investment to include multi-year purchases of multiple vehicles, as well as the costs of fueling stations and maintenance shop upgrades. Program staff reported that the department did not want to influence business decisions or otherwise dictate the method for assessing a company's natural gas investments and savings.

The issues with applicant data are exacerbated because, in some cases, applicants resubmitted the same information in the second year of the rebate program. Thus, in the case of a company that reported a total investment based on multi-year and multi-vehicle purchases, the total reported investment across the two years is the same, resulting in the program double counting these investments.

Because of the inconsistencies in the data, DACS made adjustments to generate their economic benefit analysis. For example, due to wide variation in total natural gas investment figures, the department's economic analysis assumes that 100% of a company's investment in natural gas is due to the rebate program. This assumption is problematic given that some rebate recipients are corporations with nationwide natural gas initiatives that predate the program. In addition, in a couple of instances, it appears DACS corrected erroneous total investment figures to reflect the natural gas vehicle cost difference.

The rebate program monitoring process could be improved. Typical natural gas program monitoring activities would include scheduled visits to recipient sites to photograph vehicles, check VINs, and determine whether natural gas equipment is installed on vehicles with those VINs. Standardized monitoring could also help

indicate where the vehicles would be headquartered, fueled, and maintained.

[13] Section 377.810(5), *F.S.*, requires DACS to collect economic benefit information but does not specify the form of the information.

[14] Section 377.810(7), *F.S.*, requires DACS to provide an annual assessment of the use of the rebate program during the previous fiscal year.

insure that proportionally registered vehicles are primarily used in Florida, as intended. While the program has a written monitoring policy that includes such activities, in practice, program staff uses a more limited approach, occasionally contacting rebate recipients and conducting a site review of vehicles when in the field for other purposes. In March 2015, program officials reported that, at the request of the department's budget office, staff conducted monitoring visits at four recipient locations.

The Legislature could consider options to improve the rebate program

Funding for the Natural Gas Fuel Fleet Vehicle Rebate Program expires at the end of Fiscal Year 2017-18. Should the Legislature decide to appropriate additional funding for the program, it could consider the costs and benefits of several options to improve the program.

Option 1: Develop an electronic application submission process. Allowing applicants to submit applications electronically could reduce paperwork burdens and accelerate application processing, which may encourage additional entities to seek rebates. This option would require a statutory change because state law currently requires applications to be hand-delivered or delivered by certified mail.[15] Program officials expressed concern regarding the time and cost needed to develop, test, and launch an online application. Currently, DACS has online processes for several of its regulatory programs, including food safety permit inspections and complaint processing.

Option 2: Require uniform economic benefit information reporting. State law requires DACS to gather economic benefit information from rebate applications, the content of which is adopted in administrative rule. As a result, any substantive application changes would require rule revisions.

The Legislature could direct the department to consider ways to improve data quality. For example, DACS could develop improved instructions to applicants regarding economic benefit information, including standardized methodologies for calculating fuel savings and total investment. Such approaches have been used in other states. For example, when contemplating the purchase of natural gas school buses, Wyoming officials used a formula to assess economic impact. (See Exhibit 2.) Wyoming officials also considered the incremental cost difference for the natural gas buses and calculated the break-even point for switching to the new vehicles.

Exhibit 2
Wyoming Used a Formula to Assess the Economic Impact of Converting to Natural Gas School Buses

Annual Savings $ =

*(VMT/MPG D*PD) – (VMT/MPG NG-VMT/MPG D)*CNG$DGE*

VMT – Vehicle miles traveled
MPG D – Miles per gallon diesel
PD – Price differential between diesel and natural gas
MPG NG – Miles per gallon natural gas
CNG$DGE – Compressed natural gas price for diesel gallon equivalent

Source: Wyoming Department of Administration.

To obtain economic benefit information separate from the application process, DACS could survey recipients following completion of the rebate application and award cycle regarding the benefits realized within a specified number of years. The survey could request that recipients provide more detailed information on benefits, such as natural gas miles per vehicle and actual gasoline or diesel fuel savings.

Option 3: Follow a more formal recipient monitoring process. Although state law does not require it to formally monitor natural gas rebate recipients, the program has established a written monitoring policy.[16] However, in practice, the program utilizes a more limited approach, visiting recipients when staff is in the field for other purposes. Standardized monitoring could also be used to verify that vehicles are being headquartered, fueled, and maintained in Florida.

[15] If the program is not extended beyond Fiscal Year 2017-18, an electronic application process may not be warranted.

[16] Program officials explained that rebate programs, unlike grant programs, do not typically require monitoring because rebates are simply refunds rather than grants that constitute contractual agreements between parties. However, some government entities do monitor rebate programs.

As a baseline approach, DACS could consider regularly inspecting a sample of commercial and governmental vehicles.

Pennsylvania provides an example for gathering information following rebate awards. The state's Natural Gas Energy Development Program requires grantees to document annually the usage of natural gas in purchased or retrofitted vehicles on a report form provided by the Department of Environmental Protection for the duration of the grant term and for three years thereafter. Requiring fuel usage or other self-reporting could help determine whether recipients continue to purchase and use natural gas for the vehicles for which they received a rebate.

Agency Comments

In accordance with the provisions of s. 11.51(2), Florida Statutes, a draft of our report was submitted to the Department of Agriculture and Consumer Services for review and response. The department's written response has been reproduced in Appendix A.

Appendix A

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FLORIDA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES
COMMISSIONER ADAM H. PUTNAM

November 4, 2015

R. Phillip Twogood, Coordinator
Office of Program Policy Analysis and Government Accountability
111 West Madison Street, Room 312
Tallahassee, FL 32391475

RE: Office of Program Policy Analysis and Government Accountability (OPPAGA) Preliminary Report: *Natural Gas Rebate Recipients Are Satisfied; Improved Economic Benefits Data Is Needed*

Dear Dr. Twogood:

Thank you for the opportunity to respond to the Office of Program Policy Analysis and Government Accountability's (OPPAGA) preliminary findings and recommendations outlined in the report: *Natural Gas Rebate Recipients Are Satisfied; Improved Economic Benefits Data Is Needed.*

The Natural Gas Fuel Fleet Vehicle Rebate program was created by the Florida Legislature in 2013, and is authorized by Chapter 377.810 Florida Statutes (F.S.), and governed by Rule 5O-4.00, Florida Administrative Code (F.A.C.). The program is administered by the Florida Department of Agriculture and Consumer Services, Office of Energy (department) and provides rebates to private and public sector applicants who have purchased, leased, or converted to natural gas fueled vehicles after July 1, 2013. In the two state fiscal years that the program has been in existence, the department has received 1,471 applications, approved 790, and has successfully distributed more than $9 million in rebates to eligible applicants.

The department is committed to allocating and managing state funds effectively, efficiently and in compliance with all applicable requirements, and respectfully offers the following responses and actions to the preliminary findings and recommendations outlined in the report.

Finding: Stakeholders and rebate recipients are generally satisfied, but have concerns about application procedures

The application evaluation criteria and procedures for the Natural Gas Rebate program are outlined in Section 377.810(4), F.S., and Chapter 5O-4.001, F.A.C. The application procedures established in Rule 5O-4.001 were developed considering input from stakeholders and the public. Some of the specific stakeholder concerns reported by OPPAGA were mentioned at rulemaking workshops, and have been heard by department staff during the course of the program.

The requirement that each vehicle be represented on a separate application was intended to help recipients. If an application contains an error, or is missing documentation, it is rejected and returned to the applicant. If applicants were to submit one application for multiple vehicles, any error or omission would render the entire application incomplete, thus rejecting all vehicles. In the current system, errors and omissions affect only the subject vehicle, allowing the rest of the applicant's vehicles to continue through the review process unaffected.

Florida Statute requires rebates to be allotted to applicants on a first-come, first-served basis, and specifically states that incomplete applications will not be accepted, and do not secure a place in the application process. If applicants were allowed to submit documentation to correct applications it would create a scenario in which applicants had an incentive to submit incomplete applications in order to simply secure a place in line and submit correct documentation later.

Finally, the department is concerned that the reasons given for reversion of funds is misinterpreted. OPPAGA reports that commercial applicants are frustrated that unused funds revert to the state treasury at the conclusion of the state fiscal year. The statement implies that the reason for this reversion is the lack of public sector interest in the program. This does not account for the fact that the commercial sector has also not fully utilized their allocation in either program year. If the program funds were to be re-allocated, it would benefit relatively few commercial applicants who are already receiving the $250,000 program rebate limit, and not the sector as a whole. Additionally, the second year of the program saw a substantial increase in the number of public sector applications, from 143 applications in the first year to 489 in the second. The lack of public sector interest in year one is likely due to the planning and budget processes of local governments, which result in a long purchasing timeframe. Private sector applicants are not similarly constrained by these processes, allowing them to purchase vehicles on a shorter timeframe, and thus apply for rebates sooner.

Finding: The rebate program would benefit from a more comprehensive application and review process, improved information gathering, and enhanced monitoring

The department does not concur with OPPAGA's assertion that the program lacks a comprehensive application review process. In order to provide assurance that only eligible entities receive rebates, all processes, procedures, and forms were designed and developed specifically for the program based on the requirements of the statute, rule and in accordance with financial administrative standards for state funds. Each application is reviewed for compliance with the criteria outlined in Chapter 5O-4.001, F.A.C., by the designated Program Manager utilizing a standardized Application Review Checklist, which thoroughly documents the department's evaluation process to verify that the applicant has met the qualifying criteria to be eligible for a rebate. The Application Review Checklist documents the department's decision on each eligibility requirement of Rule 5O-4.001, F.A.C., and rebates are only issued once a determination of eligibility and completeness has been made. Written notification is provided to the applicant if it is determined that the application is incomplete or ineligible. All final decisions regarding approval or denial of applications are routed through the Deputy Director, Budget Officer and Executive Director for their review and concurrence. Overarching compliance issues are brought to the Compliance Administrator for clarification. The department has strived to develop and operate the most appropriate, cost effective and comprehensive application and review process considering no administrative costs were provided to carry out the program.

The department also does not concur with OPPAGA's finding that there is no formalized monitoring process for the rebate program. Monitoring is conducted through on-site inspections on a sample of the approved rebates to verify the Vehicle Identification Number (VIN), the conversion kit ID number and other information contained in the application approved for a rebate. The sites to be visited are selected based on the type of entity and amount of the rebate award. Site visits are documented via the completion of an internal checklist. Completed on-site inspection checklists are filed with the approved rebate application documents for auditing purposes.

The department concurs with OPPAGA's recommendation that economic benefit information would be enhanced by uniform measures and will seek to implement standardization measures should Rule 5O-4.001, F.A.C., be opened in the future.

Finding: The Legislature could consider options to improve the rebate program

Option 1: Develop an electronic application submission process.

Automating the rebate application process is not practical given the remaining timeframe and resources of the program. Such a system would require extensive information technology development, programming, and testing, all of which would require significant financial resources not currently allocated to the department. The example department programs provided by OPPAGA are not comparable, as they are online systems where applicants submit fees to the department in connection with a physical application, or are online forms for submitting consumer complaints. These programs do not provide financial assistance and are not subject to the same level of review or oversight as a rebate program, nor do they require supporting documentation to be submitted for approval. For the specific example of the department's agricultural dealer's license program, applicants must follow a process nearly identical to the Natural Gas Fuel Fleet Vehicle Rebate process, with application forms being sent via certified mail to the Division of Consumer Services, Bureau of Compliance.

Email submission of application materials is also likely not feasible. The department's e-mail server has a five megabyte size limit for file attachments, and most rebate applications are between one and three megabytes in size. This limits the number of applications that could be submitted in a single email, and if an email larger than five megabytes is received it is automatically rejected by the server without notifying the Program Manager. This increases the likelihood of applications being lost or unaccounted for. Additionally, neither statute nor rule addresses the order of precedence for email and physical applications received at the same time.

The department does however concur with OPPAGA's recommendation of providing the rebate application forms as fillable PDF documents online, and will seek to implement this action in the near future.

Option 2: Require uniform economic benefit information reporting.

The department concurs with OPPAGA's recommendation that economic benefit information reporting should be standardized. However, as OPPAGA notes, such an action will require a rule change. The current economic benefits information requested was developed after consultation with stakeholders and the public during rulemaking in 2013. Further, OPPAGA's recommendation that the department conduct a follow-up survey of rebate applicants is not currently feasible due to the lack of administrative funding allocated to the program. A follow-up survey would require substantial staff time and resources that the department does not currently have, and would likely see a low response rate from recipients unless required by statute.

Option 3: Establish a more formal recipient monitoring process.

Rebates are not awarded in the form of a grant, cooperative agreement, or contract, and therefore, not formally monitored as defined and required by state and federal financial administrative standards. Monitoring is performed through on-site inspections on a sample of the approved rebates to verify the Vehicle Identification Number (VIN), the conversion kit ID number and other information contained in the application that was approved. The sites to be visited are selected based on the type of entity and amount of the rebate award. Site visits are documented via the completion of an internal checklist. Completed on-site inspection checklists are filed with the approved rebate application documents for auditing purposes.

Thank you in advance for your support and the opportunity to present this information. The department is committed to take all necessary steps to improve our processes and meet the objectives of the Program as intended by the Legislature. Should you have any questions regarding this matter or require additional information, please do not hesitate to contact me at (850) 617-7470.

Sincerely,

Kelley Smith Burk
Executive Director, Office of Energy
Department of Agriculture and Consumer Services

cc: Ms. Nedra Harrington, Director of Auditing, Department of Agriculture and Consumer Services
Ms. Melinda Miguel, Chief Inspector General, Executive Office

The Florida Legislature

Office of Program Policy Analysis and Government Accountability

OPPAGA provides performance and accountability information about Florida government in several ways.

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