



Air Resources Board



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TO: All Interested Parties

SUBJECT: LOWER-EMISSION SCHOOL BUS PROGRAM ADVISORY 09-002
ELIGIBLE PROJECT RESTRICTIONS AND REVISIONS TO
IMPLEMENTATION DEADLINES

This advisory provides air districts and public school districts participating in the Lower-Emission School Bus Program (LESBP) guidance regarding eligible expenditures with the April 2, 2009 and April 28, 2009 rounds of Bond funding. The expenditure of April 2, 2009 Bond funds is not subject to additional restrictions beyond those already in the 2008 LESBP Guidelines. However, the April 28, 2009 Bonds are Build America Bonds, and the expenditure of those funds is therefore subject to additional restrictions beyond those already in the 2008 LESBP Guidelines.

In addition, this advisory adjusts implementation deadlines outlined in the 2008 LESBP Guidelines to accommodate Bond funding delays, and to allow for flexibility given the uncertainty in the timing of full Bond funding for the LESBP. Please note that, implementation deadline-related revisions to the 2008 LESBP Guidelines are provided in Attachment 1 in the form of strikeout and underline revisions and a new timetable.

Background

Funding for the LESBP is part of the voter-approved Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B). Due to the downturn in the economy, the State was unable to leverage the bond market to generate funds in support of Proposition 1B. On December 18, 2008, the Department of Finance issued a stop work notice for all general obligation bond funded programs. The Air Resources Board (ARB) complied with this order, and directed the air districts to cease activity as well.

The recent sales of Bonds that were issued on April 2, 2009 and April 28, 2009 provided approximately \$83 million to restart the LESBP. Air districts that received funds prior to the December 2008 stop work order (subsequently funded with April 2, 2009 Bond funds), and/or districts that will receive funds from the April 28, 2009 Bonds, may resume their LESBP once they have received written notification from ARB.

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

ARB highly recommends the funding of retrofits with the current Bond funds once an air district has replaced all pre-1977 model year buses. Our analysis shows that retrofitting school buses is a very cost-effective way of reducing emissions. In fact, retrofitting seven school buses can cost less and achieve more emission reductions than replacing one school bus. Districts that have available AB 923 funds may choose to use those funds for future replacement projects. Please note that AB 923 funds may not be used to fund any portion of a LESBP retrofit project.

For information on funding amounts for your air district from the bonds issued on April 2nd and April 28th of 2009, please go to: http://www.arb.ca.gov/bonds/gmbond/docs/2009_05_20_external_prop_1b_funds_distribution.pdf. Please note that funding amounts from the Bonds issued on April 2, 2009 are located in the column titled, "Paid to Local Agencies – 2008," and funding amounts from the Bonds issued on April 28, 2009 are located in the column titled, "Distribution of May 2009 Funds."

Eligible Expenses for April 2, 2009 Bond Funds

The expenditure of April 2, 2009 Bond funds is not subject to additional restrictions beyond those already in the 2008 LESBP Guidelines.

Eligible and Ineligible Expenses for April 28, 2009 Bond Funds

The expenditure of April 28, 2009 Bond funds (BAB funds) is subject to the following restrictions, in addition to those already in the 2008 LESBP Guidelines:

The April 28, 2009 Bond funds **DO NOT** allow expenditures for the following:

- Contracts for services associated with the maintenance of retrofit devices,
- Administration costs for administering or participating in the LESBP.

Revisions to Implementation Deadlines in the 2008 Lower-Emission School Bus Program Guidelines

On March 27, 2008, the ARB approved revisions to the LESBP Guidelines. ARB staff issued the approved 2008 LESBP Guidelines on April 15, 2008. This section of the advisory adjusts implementation deadlines outlined in the 2008 LESBP Guidelines to accommodate Bond funding delays, and to allow for flexibility given the uncertainty in the timing of full Bond funding for the LESBP.

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Specific implementation deadline-related revisions to the 2008 LESBP Guidelines are provided in Attachment 1 in the form of strikeout and underline revisions and a new timetable.

As ARB receives future Bond funds, further funding for the LESBP may have restrictions on eligibility requirements that differ from the current funding. Clarifications of these restrictions will be disseminated at the time of funding.

If you have questions regarding this advisory, please contact Ms. Kimya Lambert, Air Pollution Specialist, at (916) 323-2507 or klambert@arb.ca.gov.

Sincerely,

/s/

Robert H. Cross, Chief
Mobile Source Control Division

Attachment

cc: Ms. Kimya Lambert
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Planning and Regulatory Development Section