



Air Resources Board



Linda S. Adams
Secretary for
Environmental Protection

Mary D. Nichols, Chairman
1001 I Street • P.O. Box 2815
Sacramento, California 95812 • www.arb.ca.gov

Arnold Schwarzenegger
Governor

March 18, 2010

Mail-Out #MSC 10-11

TO: All Interested Parties

SUBJECT: LOWER-EMISSION SCHOOL BUS PROGRAM MAIL-OUT --
PROJECT RESTRICTIONS AND REVISIONS TO
IMPLEMENTATION DEADLINES

This mail-out provides air districts and public school districts participating in the Lower-Emission School Bus Program (LESBP or Program) guidance regarding 1) eligible expenditures with the two October 15, 2009 installments of bond funding; and 2) project implementation deadlines for each of the four installments of bond funding. The expenditure of each installment of October 15, 2009 bond funding is subject to a different set of additional restrictions that are beyond those already in the 2008 LESBP Guidelines, and eligible and ineligible expenses for each of these installments are detailed in this mail-out.

In addition, this mail-out adjusts implementation deadlines outlined in the 2008 LESBP Guidelines to accommodate bond funding delays, allow for flexibility given the uncertainty in the timing of full bond funding for the LESBP, and reflect the extension of the deadline for full expenditure of Proposition 1B funds by one year to June 30, 2012. Please note that the implementation deadline-related revisions to the 2008 LESBP Guidelines 1) are provided in Attachment 1; 2) represent modifications made in addition to those made in Mail-Out #MSC 09-24; 3) indicate that two additional semiannual reports are required; and 4) reflect expanded replacement project deadlines.

Background

The LESBP has received a third (about \$56.7 million of Build America Bond (BAB) funds) and fourth (almost \$284,000 of non-BAB bond funding for administrative costs for air districts) installment of bond funds. Both installments are from the sales of bonds that were issued on October 15, 2009. With the four bond installments, the Program has received about 72 percent of its projected funding of approximately \$194 million thus far.

For information on funding amounts for your air district from the bonds, please go to: http://www.arb.ca.gov/bonds/schoolbus/documents/3rd_4th_prop_1b_funds_distribution.pdf

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

IMPORTANT NOTE: For funds from the two October 15, 2009 bond issuances, this mail-out DOES NOT serve as written notification to air districts that these funds are available for their implementation of the Lower-Emission School Bus Program. Such written notification will be sent to air districts under separate cover by the Executive Officer of the Air Resources Board.

Eligible and Ineligible Expenses for Funds from Two October 15, 2009 Bond Issuances

Third Installment of Bond Funds – Approximately \$56.7 Million of Build America Bond Funds

The expenditure of the third installment of bond funds – approximately \$56.7 million of Build America Bond (BAB) funds – is subject to the following restrictions, in addition to those already in the 2008 LESBP Guidelines:

The October 15, 2009 BAB funds:

- **DO NOT** allow expenditures for contracts for services associated with the maintenance of retrofit devices.
- **DO NOT** allow expenditures for administration costs for administering or participating in the LESBP.

Fourth Installment of Bond Funds – Almost \$284,000 of Non-BAB Funds

The expenditure of the fourth installment of bond funds – almost \$284,000 of non-BAB funds – is subject to the following restrictions, in addition to those already in the 2008 LESBP Guidelines:

The October 15, 2009 non-BAB funds:

- Allow expenditures **ONLY FOR ADMINISTRATIVE COSTS** (allowable administrative costs are described in the 2008 LESBP Guidelines).
- **DO NOT** allow expenditures for project costs.

All Interested Parties
March 18, 2010
Page 3

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

On March 27, 2008, the Air Resources Board (ARB) approved revisions to the LESBP Guidelines. ARB staff issued the approved 2008 LESBP Guidelines on April 15, 2008. On July 15, 2009, in Mail-Out #MSC 09-24, ARB staff adjusted 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. This section of the mail-out further adjusts implementation deadlines outlined in the 2008 LESBP Guidelines to continue to: accommodate bond funding delays, to allow for flexibility given the uncertainty in the timing of full bond funding for the LESBP, and to reflect the extension of the deadline for full expenditure of Proposition 1B funds by one year to June 30, 2012.

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(s).

As the ARB receives future bond funds for the LESBP, different restrictions on eligibility requirements may apply to those funds. Clarifications of these restrictions will be disseminated at the time of funding.

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

Sincerely,

/s/

Robert H. Cross, Chief
Mobile Source Control Division

Attachment

cc: Kimya Lambert
Air Pollution Specialist
Planning & Regulatory Development Section