



# Air Resources Board



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TO: All Interested Parties

SUBJECT: THE LOWER-EMISSION SCHOOL BUS PROGRAM – GUIDANCE FOR  
TRANSFERRING OWNERSHIP AND TERMINATING A CONTRACT FOR A  
GRANT-FUNDED SCHOOL BUS

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This Mail-Out provides guidance to air districts and eligible school bus owners participating in the Lower-Emission School Bus Program (LESBP) regarding the sale, donation, or termination of a grant-funded project prior to completion of the contract.

## Background

The LESBP Guidelines require that the implementing agency (“air district”) and the eligible applicant (“school bus owner”) have a contract that requires the school bus owner to own and operate the grant-funded school bus (retrofitted or replaced) for a period of five years. However, air districts are requesting guidance regarding transfer of ownership or termination of a project for grant-funded school buses prior to completing the ownership and operation time period required by contract. Occasionally, ownership of school buses may need to change to accommodate fluctuations in student populations, ridership, school bus routes, walking distances, and school closures. For example, school districts have made requests to air districts to donate grant-funded school buses, sell grant-funded school buses, and also to terminate contracts for grant-funded retrofits to obtain replacement funding for the school bus.

Guidance on minimum requirements is provided below regarding transferring ownership of a grant-funded school bus prior to the end of the contract and terminating a grant-funded school bus contract.

## Transferring Ownership of a Grant-Funded School Bus Prior to End of Contract

1. The new owner of the grant-funded school bus must meet the requirements for an eligible applicant as described in the LESBP guidelines.

*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

2. Ownership of the grant-funded school bus must be transferred to the new owner. Whether the grant-funded school bus is donated or sold, the registration must be in the new owner's name.
3. The air district must include documentation of the transfer of ownership in the file and establish a contract with the new school bus owner. At a minimum, the contract term with the new owner must be five years minus the time the original owner owned and operated the grant-funded school bus. However, air districts may require a longer contract term and require all or part of the grant funding returned.
4. A copy of the check for any returned funds from the owner of the grant-funded school bus must be maintained in the air district's project file, documenting the amount of funds returned.
5. Funds returned to the air district must be spent on eligible projects, or in the case of funds with expenditure deadlines, returned to the Air Resources Board (ARB) if not expended by the deadline.
6. The grant-funded school bus must remain in California. The new owner does not have to be in the same air district as the previous owner.
7. A case-by-case request must be made by the air district to ARB if the transfer of ownership does not meet the minimum requirements described above.

Note: If a grantee chooses to sell a school bus, the purchaser must be advised that credit for in-use regulation compliance only occurs if a diesel emission control system is in its original verified configuration as installed. Other credits and waivers may not be transferrable.

#### Terminating a Grant-Funded School Bus Contract

1. The owner of the grant-funded school bus must return to the air district all or a prorated amount of the grant funding for a school bus that will not meet the ownership and operation time period required by contract.
2. The air district must include documentation of the termination of the contract in the file and require all or part of the grant funding returned.
3. A copy of the check for any returned funds from the owner of the grant-funded school bus must be maintained in the air district's project file, documenting the amount of funds returned.

4. Funds returned to the air district must be spent on eligible projects, or in the case of funds with expenditure deadlines, returned to ARB if not expended by the expenditure deadline.
5. In the case of school bus owners that terminate Proposition 1B-funded retrofit contracts to become eligible for replacement funding, no Proposition 1B funds can be used to replace the school bus.
6. In the case of school bus owners that terminate retrofit contracts to obtain replacement funding for the school bus prior to dismantling the school bus, re-designation of the retrofit device to another vehicle in the fleet is encouraged. To re-designate a retrofit device, the retrofit manufacturer must have a re-designation policy approved by ARB (<http://www.arb.ca.gov/diesel/verdev/swap/swap.htm> ) and the re-designation must be approved by the retrofit device manufacturer.
7. A case-by-case request must be made by the air district to ARB if the termination of the project does not meet the guidance described above.

If you have questions regarding this Mail-Out, please contact Ms. Lisa Jennings, Air Pollution Specialist, at (916) 322-6913 or via email at [ljennin@arb.ca.gov](mailto:ljennin@arb.ca.gov) .

Sincerely,

/s/

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