

Attachment B

Revised Language for the 2008 Lower-Emission School Bus Program Guidelines

Changes and clarifications to the Lower-Emission School Bus Program (LESBP) are being made via Mail-Out under the authority granted by the California Air Resources Board (ARB or Board) during the March 25, 2010 Board Meeting (Resolution 10-19). In accordance with Resolution 10-19, this Mail-Out provides guidance to local air districts and eligible school bus owners participating in the LESBP.

Guidance in this Mail-Out is provided to address changes to statute, effective January 1, 2016, that 1) allow AB 923 funds to pay for repowers of school buses, 2) remove the cost caps and ownership limitation for onboard natural gas fuel tank replacement and enhancement of deteriorating natural gas fueling dispensers of fueling infrastructure, and 3) raise the administration expense allowance from five to 6.25 percent. In addition to the statute changes, staff has reevaluated cost caps developed in 2011 and provided updated cost caps for school bus projects (Table 1: LESBP Project Cost Caps).

The primary goal of the LESBP is to reduce children's exposure to both cancer-causing and smog-forming pollution. Cleaner school buses are an important component of the LESBP, as school buses typically remain in service for extended periods of time. Providing funding ensures that these important emission reductions are achieved.

Funding for School Bus Repowers

Previous statute authorized using AB 923 funding for the purchase of new school buses, or retrofit of emissions control equipment for used school buses pursuant to the LESBP. Effective January 1, 2016, Senate Bill 513 (Beall, Chapter 610, Statutes of 2015) adds repowers to the list of eligible school bus projects.

1. *Eligibility Requirements*

A. Eligible Applicants for School Bus Funding

Public school districts in California that own their own school buses are eligible to receive funding for repower projects. This includes public school districts that own their school buses but contract with a County Office of Education or private contractor for maintenance and operations. Where several public school districts have formed a Joint Powers Authority (JPA) and the JPA holds ownership of the school buses, then the JPA is also eligible to participate. Public charter schools that own their own school buses and County Offices of Education that own their school buses are also eligible to participate.

Private transportation providers that own their school buses and contract with public school districts to provide transportation services for public school children are also eligible to receive grant funding for repower projects.

B. School Buses Eligible for Repower Projects

School buses with current California Highway Patrol (CHP) safety certifications qualify for repower project funding if all other requirements in the LESBP Guidelines are met. There is not a gross vehicle weight rating requirement of over 14,000 pounds for a repower project funded by local air district AB 923 funds.

2. ***Requirements Specific to Repower Projects***

A. School Bus Age

The school bus selected for an AB 923 funded repower project must be ten years old or newer. This requirement is to help ensure that the repowered school bus is in good operating condition and will remain in service through the required five year minimum project life.

B. Project Life

The repowered school bus funded with local air district AB 923 funding must be able to operate for at least a five-year project life.

C. Emission Criteria

The maximum emission criteria for repowered engines are 0.20 grams per brake horsepower-hour (g/bhp-hr) oxides of nitrogen (NOx) and 0.01 g/bhp-hr particulate matter (PM).

D. Warranty Provisions

The vendor warranty must provide protection for a minimum of 60 months or 75,000 miles, whichever comes first, and provide full warranty coverage of, at a minimum, all parts and labor provided for the repower. Warranties must be fully transferrable to subsequent school bus purchasers for the full warranty coverage period.

E. Price Sheet

The vendor must provide a price sheet to the school bus owner for the repowered school bus.

F. Allowable Funding Costs

School bus repower projects are capped at \$70,000 in funding and funding may not exceed the actual cost.

3. ***Contract Requirements (between the Local Air District and the School Bus Owner)***

A. Project Life

Successful applicants must make an enforceable commitment to own and operate the repowered school buses for a minimum of five years (project life).

B. Pro-rating funds

Language included in the contract for all projects must stipulate that the school bus must operate for the length of the project life or a pro-rated amount of the awarded funds must be returned to the local air district.

C. CHP Documentation of Safety Certification

Language must be included in the contract that stipulates that the vendor cannot receive payment until the school bus has been inspected by the CHP and the CHP has completed written documentation signifying that the school bus is safe to operate with children aboard.

4. ***CHP Inspection Prior to Return to Service***

All school buses must pass a CHP safety inspection [per Title 13, California Code of Regulations section 1272(c)] every thirteen months and prior to its return to service. For repowered school buses, CHP may require engineering plans, certified by a California licensed engineer, of the repowered school bus to conduct the required safety certification inspection.

5. ***No Payment Prior to CHP Inspection***

All school buses must be safety certified by the CHP in order to receive payment with incentive funding. Copies of a completed CHP form 343 – Safety Compliance Report/Terminal Record Update, OR a copy of a completed CHP form 343A – Vehicle/Equipment Inspection Report Motor Carrier Safety Operations, or equivalent must be received by the local air district prior to payment to the conversion vendor.

Replacement of On-Board Natural Gas Fuel Tanks on School Buses and Enhancement of Deteriorating Natural Gas Fueling Dispensers of Fueling Infrastructure Project Cost Caps and Ownership Limitation Removed

Current language in the LESBP Guidelines, specifically in Mail-Out #MSC 11-37, specifies AB 923 funds can pay for the replacement of on-board natural gas fuel tanks that are on school buses 14 years or older and owned by a public school district. Furthermore, maximum funding per school bus cannot exceed \$20,000 for the replacement of on-board natural gas fuel tanks. Additionally, Mail-Out #MSC 11-37 specifies that school districts may only request one-time funding amounts not to exceed \$500 per dispenser for funding to pay for improvements of deteriorating natural gas fueling dispensers of fueling infrastructure operated by a public school district.

Effective January 1, 2016, SB 513 removes the cost caps and ownership limitation. Therefore the language specified above in Mail-Out #MSC 11-37 no longer applies. Funding amounts for CNG tank replacement and CNG fueling dispensers have no cost cap (See Table 1). In addition, ownership is no longer limited to school districts. Public school districts in California that own their own school buses are eligible to receive funding for repower projects. This includes public school districts that own their school buses but contract with a County Office of Education or private contractor for maintenance and operations. Where several public school districts have formed a JPA and the JPA holds ownership of the school buses, then the JPA is also eligible to participate. Public charter schools that own their own school buses and County Offices of Education that own their school buses are also eligible to participate.

Private transportation providers that own their school buses and contract with public school districts to provide transportation services for public school children are also eligible to receive grant funding for replacement of on-board natural gas fuel tanks on school buses and enhancement of deteriorating natural gas fueling dispensers of fueling infrastructure projects.

Administrative Cap for AB 923 Funds

Current language in the LESBP Guidelines, specifically in Mail-Out #MSC 11-37, specifies that the administrative cap for AB 923 funds is five percent. Effective January 1, 2016, SB 513 increases the administrative cap to 6.25 percent.

LESBP Project Cost Caps

Language in the LESBP Guidelines, specifically in Mail-Out #MSC 11-37, specifies project cost caps by funding source and reiterates that eligible air district funds could be used to offset the higher cost of advanced technologies, such as hybrid-electric and alternative-fueled school buses, if the cost for those school buses exceeded the total of the cost cap and matching funds. With the changes introduced by Senate Bill 513, cost caps that cannot be exceeded have been established in the school bus program that

enable cost effectiveness limits to be calculated for school bus projects funds by the Carl Moyer Program.

Furthermore, alternative-fueled school buses are no longer considered advanced technologies. Currently, advanced technologies are school buses with engines meeting optional low NOx standards, hybrid school buses, and electric school buses.

Staff has updated the project cost cap guidance for AB 923 funds as reflected in Table 1: LESBP Project Cost Caps below.

Allowance for School Bus Projects Initiated Prior to January 1, 2016

Air districts may have committed funds to school bus projects prior to January 1, 2016, when the changes introduced by Senate Bill 513 become effective. School bus projects with Commitment of Funds (as defined in Appendix A: Glossary of Administrative Terminology) prior to January 1, 2016, can complete that project under the guidelines in place prior to January 1, 2016.

Table 1: LESBP Project Cost Caps

LESBP Project Type	LESBP Project Cost Caps¹
School Bus Replacement	\$165,000
School Bus Replacement -- with engines certified to any of the optional low NOx standards (i.e. 0.1, 0.05, or 0.02 g/bhp-hr ²)	\$220,000
Hybrid School Bus ³	\$220,000
Electric (includes battery or fuel cell) School Bus	\$400,000
Electric Conversion (using an existing school bus)	\$400,000
Repowers	\$70,000
Diesel Retrofit Project per School Bus	\$20,000
Diesel Retrofit Maintenance – includes purchase of a cleaning device system or paying for filters to be cleaned with a service contract	\$2,500 within the \$20,000 retrofit cap
Diesel Retrofit Infrastructure – includes electrical outlets necessary for regeneration of active retrofit systems	No cap on infrastructure, but must be within the \$20,000 retrofit cap
Diesel Retrofit Data logging	\$300 within the \$20,000 retrofit cap
Alternative Fuel Infrastructure for Alternative-Fueled School Bus Replacements	\$16,500/per school bus
Infrastructure for Powering Electric School Bus Replacements	\$20,000/per school bus
Infrastructure for Electric School Bus Replacements Vehicle to Grid	No cap
On-board Natural Gas Fuel Tank Replacements	No cap
Enhancement of Deteriorating Natural Gas Fueling Dispensers	No cap

¹Individual sources of funds may not be able to fund all project types or may have different cost caps.

²grams per brake horsepower-hour (g/bhp-hr)

³ In addition to these funds, Hybrid Voucher Incentive Project (HVIP) funding may be available. See the program's website for details: <http://www.californiahvip.org/> .