

**Kern County
Air Pollution Control District**

**Lower-Emission School Bus Program
Replacement Component
Heavy-Duty Engine Incentive Program**

Guidelines

Section 1 - Introduction

LOWER-EMISSION SCHOOL BUS PROGRAM REPLACEMENT COMPONENT

The San Joaquin Valley Air Pollution Control District (SJVAPCD) is partnering with the Kern County Air Pollution Control District (KCAPCD) to administer the Lower-Emission School Bus Program (LESBP). The SJVAPCD is currently accepting applications to reduce emissions from school buses, according to the terms and conditions described in these guidelines.

The purpose of the LESBP Replacement Component of the Heavy-Duty Engine Incentive Program (Heavy-Duty Engine Program) is to assist the KCAPCD in attaining federal and state air quality standards by replacing old, high-emitting public school buses with low-emitting public school buses. The widespread use of lower-emitting heavy-duty engine technologies can provide significant improvements to air quality in Kern County.

KCAPCD is providing incentives to eligible school districts and Joint Power Authorities (JPA) interested in the purchase of new lower-emission replacement school buses and alternative fueling infrastructure. The KCAPCD will provide funding for the following:

- The purchase of a 2007 or newer lower-emission school bus to replace an old school bus (pre-1977 chassis model year and 1977-1986 engine model year)
- Alternative fuel infrastructure to facilitate fueling of a new alternative fuel school bus

These guidelines describe the LESBP Replacement Component of the Heavy-Duty Engine Program. The contents of this document are subject to modification. Any significant program modifications will be posted on the SJVAPCD's website at <http://www.valleyair.org/>. Applicants are responsible for complying with all information contained in this document and proposals must adhere to all requirements.

For additional information, assistance or to receive application materials, please contact:

**San Joaquin Valley Air Pollution Control District
Emission Reduction Incentive Program**

1990 E. Gettysburg Ave.

Fresno, CA 93726-0244

(559) 230-5800

www.valleyair.org

Section 2 - Background

The California Air Resources Board (ARB) designated PM from diesel-fueled engines and vehicles as a toxic air contaminant in 1998. School buses expose children riding the buses and the public to harmful emissions. The program was created to reduce school children's exposure to cancer-causing and smog-forming pollution. By reducing exhaust emissions from old diesel school buses, the risk to our most sensitive groups (children and elderly) will be greatly reduced. The SJVAPCD has successfully operated school bus replacement programs for over seven (7) years.

Section 3 - Eligible Projects

Any public school district in California that owns their own school buses within the boundaries of the KCAPCD, or a Joint Powers Authority (JPA) that has been formed by several public school districts and the JPA holds ownership of the school bus, is eligible to apply for funds. School transportation contractors are not eligible to apply for school bus replacement funds.

The LESBP Replacement Component offers grant funding for the replacement of old, high-emitting diesel school buses with new emission certified buses that meet specific emission criteria. Existing school buses to be replaced will be crushed.

The eligibility criteria for **existing school buses** to be replaced are as follows:

- The existing school bus must be a 1986 model year or older school bus.
- Existing school bus must have California Highway Patrol (CHP) safety certification as of December 31, 2005 and have continuous CHP safety certification from that point forward.
- The school bus must have a manufacturer's Gross Vehicle Weight Rating (GVWR) greater than 14,000 pounds.
- The school bus must be currently registered with the Department of Motor Vehicles (DMV).

Only replacement school buses will be considered for funding. Fleet expansion school buses are not eligible for funding. Diesel school buses will receive funding priority for replacement. Heavy-duty gasoline school buses that do not include an original equipment catalytic converter may be considered for replacement as a secondary funding priority.

The eligibility criteria for **new replacement school buses** are as follows:

- A 2007 or newer model year diesel fueled school bus that does not exceed the following certified emission levels: 1.44 g/bhp-hr for NO_x FEL or 1.44 g/bhp-hr NO_x + NMHC FEL and .01 g/bhp-hr for PM.
- A 2007 or newer model year alternative fuel school bus that does not exceed the following certified emission levels: 1.44g/bhp-hr for nitrogen oxides(NO_x) family emission limit (FEL) or 1.44 g/bhp-hr NO_x + NMHC FEL and .01 g/bhp-hr for particulate matter (PM).
- Must have a manufacturer's GVWR greater than 14,000 pounds.

- New Heavy-Duty school buses with engines that use diesel or an alternative fuel are eligible for funding if the engines emissions are less than or meet the above criteria. Alternative-fueled school buses may be powered by natural gas, liquefied petroleum gas (LPG or propane), electricity, methanol or ethanol fuels.
 - The new replacement school bus must be owned and operated within the KCAPCD for a minimum of five (5) years.
 - Commercially available hybrid school buses may be eligible for funding.
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PROJECT AWARDS

The SJVAPCD will preferentially choose the oldest school buses that have applied for replacement and that meet the terms and conditions of these guidelines. Priority will be given to all pre-1977 model year school buses in Kern County. Pre-1977 school buses selected for replacement will receive up to \$140,000 for the cost of the new replacement school bus. Eligibility for pre-1977 replacements will be based on the model year of the school bus chassis.

After all pre-1977 school buses are funded, 1977-1986 model year school buses will be eligible for replacement. Replacement eligibility of 1977-1986 model year school buses will be based on the model year of the school bus engine. School districts will be required to provide \$25,000 in match funding when replacing eligible 1977-1986 model year school buses and the SJVAPCD will provide up to \$140,000 after the match. The cost cap is applicable to the cost of the replacement school bus only including tax; funding for infrastructure to support alternative fueled and hybrid-electric school buses are available in addition to the cost cap. Funding is issued upon submittal of a properly verified claim for payment that demonstrates a new school bus purchase was made and proof that the replaced school bus was destroyed.

Note: Credits for emission reductions from a project or program funded by the LESBP Replacement Component are not transferable and may not be used by the applicant as emission offsets. The KCAPCD or ARB will use the credits to meet emission reductions mandated by the California Clean Air Act (CCAA) and the Federal Clean Air Act (FCAA) amendments of 1990.

ALTERNATIVE FUEL INFRASTRUCTURE

Alternative fuel infrastructure may also be funded under these grant agreements for fueling equipment that is directly related to the capacity needed by new school buses acquired with the program funds. Ten percent of new school bus funding for alternative-fueled school buses may be used for refueling infrastructure when no local alternative fuel refueling site is available or the existing local refueling site is inadequate. Funds for the replacement of CNG tanks will not be allowed.

Section 4 – Program Application Process

The application and program participation process is as follows:

1. Program applications requesting school bus replacement projects are available by mail or may be printed from the website at www.valleyair.org.
2. The application is submitted to the SJVAPCD.
3. The application is reviewed by SJVAPCD staff for completeness and eligibility within five (5) working days of receipt of the application. If the application is incomplete, the applicant will be notified of how the application is inadequate. If the information is not received within fourteen (14) calendar days the application is rendered null and void, and re-submittal is required.
4. Applicant will be notified of application approval, denial or placement on a waiting list due to current unavailability of funds within sixty (60) days after a completed application is submitted. Upon approval of the application, the SJVAPCD will prepare a contract for signature by the applicant and the SJVAPCD. The contract process may take several weeks to complete.
5. Applicant purchases new school bus/fueling infrastructure and places school bus into service. Applicant then submits invoices, evidence of destruction for the replaced school bus, insurance documents, and SJVAPCD Claim for Payment form for grant payment. The SJVAPCD will review the information for compliance with all contract requirements.
6. Payment will be issued upon verification (KCAPCD staff site visit) that the school bus and/or fueling infrastructure is purchased and operating.
7. Applicant submits simple annual reports. The SJVAPCD and KCAPCD maintain the right to monitor the project periodically.

Section 5 – Program Requirements

Successful project applicants must enter into a contract with the SJVAPCD setting forth specific performance criteria to ensure compliance with statute and audit requirements. The contract will require the applicant to perform adequate record keeping allowing the SJVAPCD to take credit for the emission reductions resulting from the project. It will also include reporting requirements by the applicant. Contract preparation will begin immediately upon SJVAPCD approval of a project. The following list describes some program requirements:

- The school district/vehicle shall be based within the geographic area of the KCAPCD (See map in Section 8).
- Seventy-five percent (75%) or more of the vehicle miles traveled or fuel consumption will be within the boundaries of the KCAPCD, for at least five (5) years from the date the vehicle is placed into service.
- The school district shall submit current DMV registration for each school bus to be replaced and each new school bus purchased.

- The school district shall submit copy of the California Highway Patrol Inspection Approval Certificate (CHP form 292), for each school bus to be replaced, that shows the school bus has been continuously certified as of December 31, 2005 and has continuous safety certification from that point forward.
- The school district shall submit an original Internal Revenue Service (IRS) Request for Taxpayer Identification Number and Certification Form W-9 (Form W-9).
 - The information entered into Section A of the application must be identical to the information on Form W-9, as this information will be used to generate all binding documents and be used to report incentive funding to the IRS.
 - A copy of the IRS Form W-9 can be downloaded at www.irs.gov or by calling 1-800-829-3676.
- The school district shall submit or make the school bus available for KCAPCD staff to take a legible photograph of the data tag for every school bus replaced.
- The school district shall insure that all replaced school buses shall be dismantled in accordance with definition of "dismantle" set forth in ARB's Lower Emission School Bus Guidelines, Appendix A: Glossary of Administrative Terminology. School districts must ensure that the old school bus is dismantled within 60 days of the receipt of the new, replacement school bus.
- The program funds can only be used to purchase a new school bus that is equipped with essential or standard equipment.
- The school district shall submit a copy of the ARB certification executive order for the engine of the new replacement school bus.
- The school district shall submit simple annual reports for five (5) years from the beginning of operation of the new school bus. The reports shall include such information as vehicle miles traveled and details regarding maintenance.
- The school district shall return a pro-rated portion of the funds to the SJVAPCD if the school bus does not complete the minimum five (5) year term set forth in the program.
- The school district agrees that any emission reductions associated with this program will be claimed and retired by ARB or the KCAPCD in the interest of air quality improvement for the residents of the Kern County. Purchaser waives, for all time, the right to claim emission reduction credits which may accrue at any time as a result of this program, and agrees not to apply to the KCAPCD or any other agency for such credits.
- The school district shall submit evidence of applicable insurance coverage, prior to reimbursement by the SJVAPCD.
- The school district shall have a fuel management process in place to prevent mis-fueling of the funded school buses (i.e., using conventional diesel fuel that could affect PM filter performance).
- The school district shall ensure that the emission reductions are not required by any local, state, or federal rule, regulation, memorandum of understanding, memorandum of agreement or used to comply with any such rule or regulation.

- The school district acknowledges that the criteria and program requirements may be reviewed, as new information becomes available, and can be revised at the discretion of the SJVAPCD's Executive Director/Air Pollution Control Officer as needed.
 - The school district shall submit a resolution from the school district governing board (or a duly authorized official with authority to make financial decisions) authorizing the submittal of the application and identifying the individual authorized to implement the school bus replacement project.
 - The school district accepts that for every day after **February 1, 2010 (for pre-1977 chassis model year replacements) or April 1, 2011 (for 1977-1986 engine model year replacements)** in which a school bus has not been delivered as specified in the contract, the school district shall be liable to the SJVAPCD for liquidated damages in the amount of \$100 per day per school bus purchased with funds from the LESBP.
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CONTRACT EXTENSIONS

The SJVAPCD Executive Director/Air Pollution Control Officer has discretion in approving contract amendments. However, contract extensions will not be granted unless the school district can prove difficulties in procurement of vehicles or infrastructure due to factors out of their control.

Section 6 – Claims for Payment

A Project Guidance document will be sent with the executed contract outlining reimbursement procedures. Prior to receiving any grant funds, the grantee must provide the SJVAPCD with the following claim documents for verification:

1. **Claim for Payment form.** This document is included in the Guidance Document that will be mailed upon successful contract execution. Please sign and date this form in blue ink. The signing authority must be the person authorized in the contract as the person who can act on all fiscal matters on behalf of the funded agency or entity.
2. **Invoices/Purchase Agreements.** Include copies of all final invoices or receipts related to the purchase. The SJVAPCD may require additional proof of payment (purchase orders, cancelled checks) upon request. The following verbage **must** be on the Invoice/Purchase Agreement between the school districts and school bus distributors/vendors:

“For every day after **February 1, 2010 (for pre-1977 chassis model year school bus replacements) or April 1, 2011 (for 1977-1986 engine model year school bus replacements)** in which a school bus has not been delivered as specified in the contract, the school bus distributor/vendor shall be liable to the school district for liquidated damages in the amount of \$100 per day per school bus purchased with funds from the Lower- Emission School Bus Program.”

3. **Verification of Vehicle Destruction form.** Complete the Verification of Vehicle Destruction form and submit with claim documents. Provide the SJVAPCD with proof that the old school bus being
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replaced is dismantled per ARB's definition of 'dismantle' in the LESBP Guidelines, Appendix A: Glossary of Administrative Terminology:

"to punch, crush, stamp, hammer, shred, or otherwise render permanently and irreversibly incapable of functioning as originally intended, any vehicle or vehicle part."

4. **DMV Dismantlers Notice of Acquisition.** Copy of DMV Dismantlers Notice of Acquisition/Report of Vehicle to be Dismantled (REG 42).
5. **CHP form 292.** Copy of the CHP Inspection Approval Certificate (CHP form 292), for each school bus replaced.
6. **DMV registration.** Copy of DMV registration for each new replacement school bus.
7. **Proof of Insurance.** Include verification of all insurance requirements identified in the contract. If self-insured, a letter from a risk manager will be acceptable.

NOTE: The KCAPCD's LESBP is not a rebate program. Applicants must obtain approval and have a signed, executed contract from the SJVAPCD prior to purchase of a replacement school bus. Any replacement school bus purchased prior to contract execution is ineligible.

Section 7 - Audit Procedures

Any entity that receives LESBP Replacement funds may be subject to an audit of each project funded. Upon the completion of an audit, the SJVAPCD will make the audit available to the public and to the applicant upon request. The SJVAPCD will review the audit results to determine if the funds were used for the reduction of air pollution from motor vehicles pursuant to the CCAA.

In addition to the aforementioned audit, contract monitoring may be performed by SJVAPCD or KCAPCD staff on a regular basis. The SJVAPCD and KCAPCD shall at any time during regular business hours, and as often as the SJVAPCD and KCAPCD may deem necessary, examine all records and data with respect to the matters contained in the contractual agreement. The applicant will be required to permit the SJVAPCD and KCAPCD access to such records and data to ensure the applicant's compliance with the terms of said agreement.

If the SJVAPCD or KCAPCD determines that the funds were expended in a manner contrary to law or not in accordance with contract provisions, the SJVAPCD or KCAPCD will notify the grantee of the determination, and within forty-five (45) days, the Governing Board may hold a public hearing at which time the grantee may present information related to the expenditure of funds. After the hearing, if the SJVAPCD or KCAPCD determines that the grantee has expended the funds in a manner that is contrary to law or not in accordance with contract provisions. In addition to all other available remedies, the SJVAPCD or KCAPCD may, at its discretion, also seek re-payment of funds misappropriated, spent for non-eligible activities, or otherwise inappropriately expended.

Section 8 – Map of the KCAPCD

