



Air Pollution Control District
San Luis Obispo County

REQUEST FOR PROPOSALS

AB 923 School Bus Replacement and Retrofit Program

January 24, 2018

SECTION 1 - INTRODUCTION

AB 923 School Bus Replacements and Retrofit Program (Program)

AB 923 enables air districts to collect an additional \$2 surcharge on all motor vehicles registered in the county to fund emission reduction projects. These funds can be used for school bus replacement or retrofit projects. The purpose of the program is to reduce emissions from old, high-emitting public school buses by replacing them with new, low-emitting buses or by retrofitting them with California Air Resources Board (ARB)-verified diesel emission control systems. Funding can also be provided for on-board natural gas fuel tank replacement and natural gas refueling infrastructure maintenance. All projects must be completed in accordance with the terms and conditions described in the most recent Lower Emission School Bus Program Guidelines (Guidelines) and associated Advisories issued by the ARB.

The Program will provide funding for the following:

- The purchase of a 2011 or newer lower-emission school bus to replace an older bus. Old public school buses eligible for replacement include those powered by a 1993 or older model year engine and buses powered by a two-stroke diesel engine.
- The purchase and installation of a level 3 ARB-verified diesel emission control system on public school buses and private school buses contracted to transport public school students, equipped with 1987 or newer engines.
- The replacement of on-board compressed natural gas tanks on public school buses which are near the end of their service life.
- Alternative fuel infrastructure to facilitate fueling of a new alternative fuel school bus.
- Refueling infrastructure maintenance.

The contents of this document are subject to modification. Any significant program modifications will be posted on the APCD website at www.slocleanair.org/programs/grants.php. 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 Luis Obispo County Air Pollution Control District

Attention: Vince Kirkhuff

3433 Roberto Court

San Luis Obispo, CA 93401

vkirkhuff@co.slo.ca.us

(805) 781-4247 phone

(805) 781-1002 fax

SECTION 2 - BACKGROUND

The ARB designated particulate matter (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, such as PM. The Lower Emission School Bus Program and associated AB 923 funding option 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.

SECTION 3 – ELIGIBILITY

School Bus Replacement Projects

Pursuant to Guidelines and Advisory # 08-006 (MSC#09-01), public school districts that own their own buses are eligible to receive funding; this also includes Joint Power Authorities (JPAs) formed by several public school districts where the JPA holds ownership of the school buses. School transportation contractors are **not** eligible to apply for school bus replacement funding. Also, school buses purchased by non-profit agencies, private schools, and other private companies are **not** eligible for funding.

The Program offers grant funding for the replacement of old, high-emitting in-use diesel or gasoline school buses with new emission-certified school buses that meet emission criteria as outlined in the Guidelines and associated advisories. While diesel-fueled buses are primarily targeted for replacement, gasoline-fueled buses that do not include an original-equipment catalytic converter are also eligible. Existing school buses to be replaced must be dismantled within 60 days of receipt of the new bus as described in the Guidelines.

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

- The existing school bus must be equipped with a 1993 model year or older engine. 1993 MY and older buses repowered with newer engines can also be replaced.
- The existing school bus must have a current California Highway Patrol (CHP) safety certification as outlined in the Guidelines. The period of certification must include the time a school district is awarded funding to replace the buses. The bus must also be currently registered with the Department of Motor Vehicles.
- The existing school bus must have a manufacturer’s Gross Vehicle Weight Rating (GVWR) greater than 14,000 pounds and be equipped with a heavy-duty engine.

Only replacement school buses will be considered for funding. Fleet expansion school buses are not eligible for funding. Diesel school buses and pre-1977 chassis model year 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.

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

- The new replacement school bus must be equipped with a 2011 or newer model year diesel-fueled or alternative-fuel engine that meets or exceeds the following certified emission levels: 0.20 g/bhp-hr for nitrogen oxides (NOx) and 0.01 g/bhp-hr for particulate matter (PM). Alternative-fueled school buses may be powered by natural gas, liquefied petroleum gas (LPG or propane), electricity, methanol, ethanol fuels, fuel cells or other advanced technologies that do not rely on diesel fuel and have been certified by ARB.
- The new replacement school bus must have a GVWR greater than 14,000 pounds.
- Commercially available hybrid school buses may be partially eligible for funding.
- Funding may not cover the entire cost of any new replacement bus, depending on type selected.

School buses selected for replacement may be eligible for up to \$165,000 (\$140,000 Program cap + \$25,000 AB 923 match) for the cost of the new replacement school bus. 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 is available in addition to the cost cap.

School Bus Retrofit Projects

Pursuant to Guidelines, public school districts that own their own buses are eligible to receive funding for retrofits; this also includes Joint Power Authorities (JPAs) formed by several public school districts where the JPA holds ownership of the school buses. Private school transportation providers that contract with public school districts to provide transportation services are also eligible to receive retrofit grant funding.

The Program offers grant funding for retrofitting existing school buses; that is, the purchase and installation of ARB-verified diesel emission control devices (particulate filters) on eligible buses.

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

- Bus must have a diesel engine of model year 1987 or newer with current CHP safety certification.
- Bus chassis 30 years or older must be inspected for soundness and serviceability prior to being deemed eligible for retrofit (see MSC # 11-27).
- Emission control device must be ARB-verified level 3. A current list of all ARB-verified devices can be accessed through the ARB web site at: www.arb.ca.gov/diesel/verdev/vt/cvt.htm.
- Bus must be safety certified by the CHP after device installation.
- Bus must remain in use for at least the 5 year life of the project.

Each bus may be eligible for up to \$20,000 to cover the cost of the retrofit, necessary data logging and installation. Within the \$20,000 retrofit funding cap, funding may be allocated for infrastructure (such as additional electrical outlets) needed to accommodate active retrofit devices. This funding is separate from the \$2,500 allocation for diesel particulate filter maintenance.

On-Board CNG Fuel Tank Replacement Projects

The Program offers grant funding to replace on-board compressed natural gas (CNG) tanks on public school buses which are near the end of their service life. These tanks must be inspected by the CHP every three years or 36,000 miles, and are typically replaced at the end of the manufacturer's service life, which is approximately 15 years. (See MSC 11-37).

The eligibility criteria for CNG fuel tank replacement projects are as follows:

- School bus must be at least 14 years old but no older than 16 years.
- Fuel tank must be within 18 months of its expiration date.
- School district must provide documentation of tank expiration dates, serial numbers, and inspection dates of tanks to be replaced.
- Bus must be safety certified by the CHP after tank replacement.
- Bus must remain in use for at least the five-year life of the project.

Each bus may be eligible for up to \$20,000 to cover the cost of the fuel tank and installation.

Alternative Fuel Infrastructure

Alternative fuel infrastructure may be funded by the Program for fueling equipment that is directly related to the capacity needed by new school buses acquired with the program funds. Up to 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.

Refueling Infrastructure Maintenance

The Guidelines authorize funding to pay for improvements to deteriorating compressed natural gas fueling dispensers operated by public school districts (see MSC#11-37).

The eligibility criteria for CNG infrastructure improvements are as follows:

- Public schools that operate CNG fueling infrastructure are eligible. If a JPA has been formed and holds ownership of the buses then the JPA is eligible.
- School districts may only request one-time funding amounts not to exceed \$500 per dispenser.
- School districts must provide vendor quotes for cost of repairs.

Project Selection and Awards Process

Each school district that completes the application process and has eligible projects will be ranked in accordance with the following criteria:

1. Each completed and eligible application received by the application deadline will be ranked according to several factors, which may include:
 - a. Age of the bus;
 - b. Emissions of the bus (grams per hour or grams per mile);
 - c. Emissions of the bus (grams per year) (Considers the annual usage of the bus);
 - d. Previous funding received by the school district for retrofits and replacements;

- e. School district fleet compliance status (with regard to state and local regulations, including the Truck & Bus Regulation).
2. Priority will be given to retrofit projects. These projects are more cost-effective than replacements, making the available funding dollars go further.
3. Special consideration will be given to districts interested in utilizing alternative fuel buses or currently utilizing alternative fuel buses in need of funding for CNG tank replacement or infrastructure upgrades.

SECTION 4 – PROGRAM APPLICATION PROCESS

The application and program participation process is as follows:

1. Program applications are available on the APCD website at: <http://www.slocleanair.org/community/grants.php>. A copy of the application can also be mailed out to the applicant per request. Please contact APCD staff at (805) 781-4247 for more details.
2. Application is submitted to the APCD:

San Luis Obispo County Air Pollution Control District
Attn.: Vince Kirkhuff
Lower Emission School Bus Program
3433 Roberto Court
San Luis Obispo, CA 93401
3. The application is reviewed by APCD staff upon receipt. If the application is deemed incomplete, the applicant will be notified by mail and will have the opportunity to correct and re-submit their application.
4. Complete applications will be reviewed to determine that program criteria and requirements have been met.
5. Applications that are complete and meet all program requirements will be ranked for funding as described above.
6. Applicant will receive a Grant Agreement by mail which must be signed by the appointed project signing authority and returned to the APCD office in San Luis Obispo, California. The signing authority is the person authorized by the school district as the person who can act on all fiscal matters on behalf of the school district. Once received by the APCD, the Grant Agreement will be routed for APCD management signatures and returned to the applicant as a final executed Grant Agreement.
7. Upon receiving an executed Grant Agreement from the APCD, applicant purchases the new bus or equipment as authorized in the Agreement. The new bus or equipment must be placed into service as specified in the Grant Agreement. For school bus replacement projects, the old bus must be properly destroyed as required by the Grant Agreement.

(Note – the new bus or equipment cannot be ordered before the Grant Agreement is signed by all parties).

8. Applicant submits a Claim for Payment / Request for Reimbursement to the APCD (see requirements in Section 6). The APCD will review the information to ensure compliance with all Grant Agreement requirements.
9. Applicant will receive reimbursement after a complete Claim for Payment is received by the APCD with verification that the new replacement bus or other grant-funded equipment is in operation and all the program criteria have been met, including the proper destruction of the old bus, if required.
10. The applicant will be required to submit annual reports for five (5) years from the date the new bus or other grant-funded equipment is placed into service. The APCD will maintain the right to audit and monitor the project during this time period.

SECTION 5 – PROGRAM REQUIREMENTS

Successful project applicants must enter into a Grant Agreement with the APCD setting forth specific performance criteria to ensure compliance with statute and audit requirements. The Grant Agreement at a minimum will contain requirements as outlined in the Guidelines. The term of the Grant Agreement will be five (5) years from the date that the new school bus or other grant-funded equipment is put into service, and will require the applicant to perform record keeping and reporting.

Grant Agreement preparation will begin upon APCD approval of a project. The following list describes some program requirements:

- The school district and its school bus(es) shall be based and operate within the geographic boundaries of San Luis Obispo County.
- The school district shall submit current DMV registration for each school bus to be retrofitted, modified or replaced and for each new school bus purchased.
- The school district shall submit copies of the California Highway Patrol Inspection Approval Certificate (CHP form 292) for each school bus to be replaced in accordance with the Guidelines.
- The school district shall submit an original Internal Revenue Service (IRS) Request for Taxpayer Identification Number and Certification 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.
- The school district shall make every school bus retrofitted, modified or replaced available for APCD staff to inspect and photograph.

- For school bus replacement projects, the school district shall ensure that all existing old school buses shall be dismantled in accordance with definition of “dismantle” set forth in the Guidelines and provide proof and written documentation to demonstrate disposal. All school buses replaced under the program must be dismantled within 60 days of receipt of the new replacement bus. Proof of new vehicle delivery and dismantling of the replaced vehicle must be provided before payment is made by the APCD.
- The program funds can only be used to purchase a replacement school bus that is equipped with essential or standard equipment. Refer to the Guidelines and mail outs MSC#08-36, MSC#09-18 and MSC #11-16 regarding optional equipment on new buses.
- The school district shall submit a copy of the ARB certification Executive Order for the engine of the new replacement school bus, or for the verified diesel emission control device for retrofits.
- The school district shall submit annual reports for the term of the Grant Agreement. 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 APCD if the school bus does not complete the minimum five (5) year term of the Grant Agreement.
- The school district agrees that any emission reductions associated with this program will be retired by the APCD in the interest of air quality improvement for the residents of San Luis Obispo County. School district waives, for all time, the right to claim emission reduction credits which may accrue during the life of the Grant Agreement as a result of this program, and agrees not to apply to the APCD or any other agency for such credits.
- The school district shall submit evidence of applicable insurance coverage for the new replacement bus or other grant-funded equipment prior to reimbursement by the APCD.
- The school district shall have a fuel management process in place to prevent mis-fueling of the funded school buses.
- 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 APCD’s 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 lower-emission school bus project.
- For the term of the Grant Agreement, the new replacement school bus, retrofitted bus, or any bus outfitted with grant-funded equipment must not be sold or transferred without prior approval from the APCD.

- Eligible costs for new replacement school buses must be based on ARB endorsed, currently valid California Approved Bids (CABs) that have been formally adopted by a California public school district governing board to fulfill their student transportation needs. CABs contain several equipment specifications that the bidder must comply with. For more details on CABs and bus options that qualify for funding please refer to the Lower Emission School Bus Program mail out MSC# 08-36 and MSC#09-18.

Grant Agreement Extensions

The APCD has discretion in approving Grant Agreement extensions in cases where the procurement of vehicles or equipment is delayed due to factors out of the control of the school district.

SECTION 6 – CLAIMS FOR PAYMENT

Prior to receiving any grant funds, the school district must provide the APCD with the following claim documents for verification:

- 1. Invoices/Purchase Agreements.** Include copies of all final invoices, receipts, purchase orders, and cancelled checks relating to the project.
- 2. Verification of Vehicle Destruction.** For school bus replacement projects, provide a letter from the dismantler verifying that the old school bus being replaced has been dismantled in accordance with definition of “dismantle” set forth in the Guidelines.
- 3. DMV Dismantlers Notice of Acquisition.** For school bus replacement projects, provide a copy of DMV Dismantlers Notice of Acquisition/Report of Vehicle to be Dismantled for the old school bus.
- 4. CHP Inspection Forms.** Provide a copy of the CHP Inspection Approval Certificate (CHP form 292), and the Inspection Report Form 343 or 343A for each replacement, modified or retrofitted school bus
- 5. DMV Registration.** Provide a copy of the DMV registration for each replacement, modified or retrofitted school bus.
- 6. Proof of Insurance.** Include verification of all insurance requirements identified in the Grant Agreement. If self-insured, a letter from a risk manager will be acceptable.
- 7. Emission Reduction Documentation.** A copy of the Executive Order for the engine of the new replacement school bus, or for the verified diesel emission control device for retrofits.

NOTE: The APCD’s AB923 Lower-Emission School Bus Program is not a rebate program. Applicants must obtain approval and have a signed, executed Grant Agreement from the APCD prior to purchase of a replacement school bus or other grant-funded equipment. Any replacement school bus or equipment purchased or installed prior to Grant Agreement execution is ineligible for funding.

SECTION 7 - AUDIT PROCEDURES

Any entity that receives funds may be subject to an audit by the APCD and ARB, at any time during the project life. Audit procedures will be fully outlined in school district's final executed Grant Agreement with the APCD.

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