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Board Agenda Item

TO: Air Pollution Control District Board

FROM: Aeron Arlin Genet, Air Pollution Control Officer

CONTACT: Jim Fredrickson, Air Quality Specialist, TEA Division (961-8892)

SUBJECT: Lower Emission School Bus Program

RECOMMENDATION:

Increase the spending limit for the lifetime of the Lower Emission School Bus Program by \$1,000,000, from \$2,759,228 to \$3,759,228.

BACKGROUND:

Since 2001, your Board has approved the District's Lower Emission School Bus Program, which has been used to clean the air by funding 44 school bus fleet projects countywide. Your Board sets a lifetime spending limit for the program. Once total grant expenditures for the program approach the limit, your Board may increase the lifetime spending limit to authorize continued operation of the program.

The District recommendation is to approve an increase in the spending limit by \$1,000,000, to a total of \$3,759,228 over the lifetime of the program. This lifetime spending limit increase does not change the annual expenses that are identified in the draft Fiscal Year 2017-2018 budget.

DISCUSSION:

In 2001, the District Board approved participation in the California Air Resources Board's (CARB) Lower-Emission School Bus Program. Over the life of the program, the District has awarded \$2.5M of grant funds into local school district transportation bus fleets, which have helped fund the replacement of 25 older high-polluting diesel powered school buses with new clean burning low-emission school buses, the retrofit of 34 school buses with diesel particulate control filters to capture toxic exhaust, the replacement of compressed natural gas (CNG) fuel tanks in four school buses, and the replacement of 17 CNG fueling hoses at a school district.

The Lower Emission School Bus Program provides diesel exhaust and ozone precursor emission reductions that are realized in residential neighborhoods and benefit children who are among the most sensitive to toxic diesel exhaust. Funding for the Lower Emission School Bus Program has been derived from Department of Motor Vehicle (DMV) surcharge fees (\$2.1M), local mitigation fees (\$250K), and the CARB Lower Emission School Bus Program (\$225K).

The District has collaborated with the following county school districts on school bus projects: Blochman, Carpinteria, College, Cuyama, Goleta, Guadalupe, Lompoc, Los Olivos, Orcutt, Santa Maria, and Santa Ynez. The District has also assisted the Lompoc school district's operation of their bus fleet by replacing older CNG fuel tanks with new CNG fuel tanks on several school buses and upgrading their CNG fueling infrastructure.

The county's school bus fleets are subject to the CARB's Truck and Bus Regulation, which requires fleets to either retrofit or replace their older, higher-polluting buses. However, due to the age of the buses, there are several school buses in the county that cannot be retrofitted with diesel particulate filters and need to be retired from school district bus fleets by January 1, 2018, as required by the CARB regulation. To help school districts transition their old diesel buses out of their fleets, for this year only CARB has provided a Carl Moyer State Reserve grant funding opportunity to help offset some of the cost of new school bus replacements.

As approved by your Board at the May meeting, the District has applied to CARB to obtain \$619,975 of Carl Moyer State Reserve grant funds. The District has been working with CARB and the Lompoc Unified School District to use these CARB grant funds towards the replacement of six old diesel school buses with new low emission school buses, and expects to receive the funding during the first half of the 2017-2018 Fiscal Year. The CARB grant funds will cover about half of the cost of the six new school bus purchases, with the remainder of the replacement cost paid for by the Lompoc Unified School District.

The Santa Ynez Valley Union High School and the Orcutt Union School District also have diesel school buses that may be eligible for replacement, and the District will pursue using our local DMV surcharge funds towards school bus replacement projects with these two school districts over the next few fiscal years. In addition, the District will continue to annually assess the state of alternative-fueled bus technology such as electrification, hydrogen, biofuels, and hybrids as opportunities for potential grant funding projects in the future.

FISCAL IMPACT:

For Fiscal Year 2017-18, the District has budgeted \$300,000 from DMV surcharge fees for the Lower Emission School Bus Program. The District is also budgeting \$619,975 from the CARB State Reserve Project, as funds specifically earmarked for the Lompoc Unified School District.