

**LOWER EMISSION SCHOOL BUS PROGRAM  
GRANT PROGRAM  
POLICIES AND PROCEDURES MANUAL**



**NORTH COAST UNIFIED AIR QUALITY  
MANAGEMENT DISTRICT**

# **NORTH COAST UNIFIED AIR QUALITY MANAGEMENT DISTRICT**

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**NORTH COAST UNIFIED AIR QUALITY  
MANAGEMENT DISTRICT  
EMISSION REDUCTION PROGRAM  
FUNDED BY PROP 1B, AB923 AND AB2766**

**California Air Resources Board Approval: December 5, 2008**

**MISSION STATEMENT:**

The North Coast Unified Air Quality Management District (NCUAQMD) is comprised of three (3) counties: Humboldt, Del Norte and Trinity. All three counties are classified by the State of California as not meeting the health protective standard for particulate matter (PM<sub>10</sub>). The primary goal of the NCUAQMD's Lower-Emission School Bus (LESB) Grant Program is to minimize the exposure of school age children to cancer causing and smog forming air pollutants by providing funds to eligible school districts to replace or retrofit old, high-emitting public school buses thereby reducing toxic particulate matter emissions from these buses.

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## **Background**

The California Air Resources Board (CARB) identified diesel particulate as a toxic air contaminant in 1988. Since that time, CARB has been developing and implementing a series of programs designed to achieve an 85% reduction in diesel PM emissions by the year 2020. The in-use heavy-duty diesel-fueled vehicles regulation will effectively require the retirement of all pre-1977 school buses and the installation of retrofit devices on all 1977 to 2006 model-year engines. California voters recognized the need for improvements in the transportation sector statewide and approved the bond measure known as Proposition 1B. Funds from this bond measure are designated for school bus fleet modernization. Proposition 1B is the primary source of funding for LESB, with possible matching fund contributions from the NCUAQMD made possible via Assembly Bill 923 and Assembly Bill 2766. The State Legislature appropriated \$193 million in the 2007/2008 fiscal year budget to CARB for the LESB Program. Of this amount, SB 88 allows up to five percent of the funds to be used for program administration. However, CARB proposes to use less than one percent for program administration. This leaves approximately \$191 million available for grant programs in local air districts, including allowable administrative expenses. The NCUAQMD has been allocated \$3.1 million in grant funds for local school districts within the jurisdiction of the NCUAQMD for new low-emitting school buses and installing pollution control equipment.

Enabling legislation, Senate Bill 88, describes the funding criteria and other requirements for the expenditure of the Proposition 1B funds, while Governor Schwarzenegger's Executive Order S-02-07 contains further directives to ensure robust fund accountability, program oversight and aggressive timetables. With the Proposition 1B funds, CARB estimates that the program will replace over 1,100 high-polluting buses, including the last of the pre-1977 (prior to April 1, 1977) buses, with new, clean models, and retrofit up to 3,500 existing diesel buses with CARB-verified pollution control equipment.

## **Program Milestones**

Major program milestones as set forth by CARB are as follows:

- Beginning on April 30, 2008, CARB will make State program funds available by mailing grant award and authorization forms to the NCUAQMD. The NCUAQMD may begin requesting funds after the Policies and Procedures Manual and accompanying documents are approved by CARB.
- Beginning February 1, 2009, the NCUAQMD's first semiannual reports are due. CARB will perform a needs assessment to check the NCUAQMD's progress and ability to implement a local program.
- By March 1, 2009, based upon the NCUAQMD's February 1, 2009 demonstration of performance, CARB will determine if direct implementation – that is implementation of a local program by CARB, with CAPCOA's assistance – of additional local programs is

necessary. The funds spent within each of the air districts will be the same regardless of what organization implements the program.

- August 1, 2009. If the NCUAQMD does not meet the milestone(s) for this date, then it must submit a remediation plan to CARB.
- February 1, 2010. If the NCUAQMD does not meet the milestone(s) for this date, then it must submit a remediation plan to the CARB.
- August 1, 2010. If the NCUAQMD does not meet the milestone(s) for this date, then it must submit a remediation plan to the CARB.

## **State Program Overview**

The Lower-Emission School Bus (LESB) Program provides financial incentives to replace older school buses and retrofit middle-aged buses with the goal of reducing the exposure of school children to diesel-related emissions. This grant program provides funds to purchase new buses to replace old, high-emitting public school buses, and to equip in-use diesel school buses with retrofit devices that significantly reduce toxic particulate matter (PM) emissions.

As a prerequisite for receiving the initial funding disbursement, the NCUAQMD is required to submit this document to CARB for approval. The Policies and Procedures Manual (Manual) must describe the NCUAQMD's policies, procedures, and organizational structure for the Lower-Emission School Bus Program. The submitted manual shall apply to the Pre-1977 and 1977-2006 funding cycle. The Manual must be submitted to and approved by CARB, in writing, before the NCUAQMD is eligible to receive its initial funding disbursement. The Manual must include, at a minimum:

- Retrofit Implementation Plan – Retrofits are a vital component of the NCUAQMD's program. The NCUAQMD has budgeted 25% (\$493,675) (and \$24,684 Administrative funds) of funding for the retrofit portion of the program. These are targeted amounts, and have been determined by the NCUAQMD to be the most beneficial for the program and may be adjusted depending upon applications received.
- NCUAQMD's has budgeted \$1,456,341 for 1977-1986 model year school bus replacements and \$40,300 for Administrative funds. These budgeted amounts are targets, and the NCUAQMD is committed to replace or retrofit as many school buses within this age category as funds will allow. Budgeted funds may be adjusted depending upon applications received.
- Description of the NCUAQMDs Program components.

The NCUAQMD reserves the right to use any revisions made to the State Program or State Guidelines by CARB. If any of the revisions conflict with this manual, CARB's revision will supersede this manual unless the revisions provided are optional. In the case of optional revisions, the NCUAQMD reserves the right to follow the options provided by CARB or this manual.

# **LOCAL PROGRAM COMPONENTS**

## **Program Structure and Organization**

This program will be implemented by the NCUAQMD, and this document provides an overview of the guideline requirements. The NCUAQMD Governing Board may accept CARB funds each year through Board adoption of the NCUAQMD budget. The budget will authorize the NCUAQMD to allocate funds until the end of the program. The Air Pollution Control Officer (APCO) will oversee the program and the staff will implement the program. Day-to-day operation of the program and coordination with CARB will generally be conducted by staff. Grant disbursement requests to CARB will be prepared by staff and signed by the APCO. Financial responsibilities will be processed by the Controller, and CARB mandatory reporting will be processed by staff. Fiscal authorization of the program will rest solely with the APCO.

## **NCUAQMD Outreach**

In general, the NCUAQMD maintains an active program for the solicitation of grant proposals from the public. In order to reach all sectors of the school community for the LESB Program, the NCUAQMD will make direct contact with school districts, utilize its website, newspapers of circulation in all three counties, public service announcements, contact at industry events, and provide update information at Governing Board meetings. The NCUAQMD also maintains a mailing list of interested parties and prior participants who receive a copy of the annual program announcement.

Prior to implementation, a pre-program meeting will be held to introduce this program and invite participation of industry and eligible applicants. During the meeting, details of the local program will be explained and future outreach will be discussed.

## **Eligible Applicants**

Eligible applicants for the LESB Grant Program include public school districts and Joint Powers Authorities (JPA). For school bus retrofit projects, applicant eligibility has been extended to include private transportation contractors that provide transportation for public schools.

## **Eligible Projects**

### **1. Bus Replacement Requirements**

- Pre-1977 (manufactured prior to April 1, 1977) and 1977-1986 model year diesel-fueled school buses, or gasoline-fueled school buses with no original

equipment catalytic converter, may be eligible for replacement under this program. Only replacement, not fleet expansion, buses will be funded.

- Replaced buses must have a gross vehicle weight rating (GVWR) greater than 14,000 pounds. To document the GVWR, a copy of the data tag must be sent to the NCUAQMD, preferably in electronic format.
- A replaced bus must have California Highway Patrol (CHP) safety certification (CHP Form 292) as of December 31, 2005 and continuous certification from that point forward, including when a school district would be awarded funding to replace the bus. If there has been a lapse in the certification during this time frame, the NCUAQMD must be provided with a written explanation for that lapse. Buses with a lapse in certification will be considered on a case-by-case basis. A copy of the CHP certification form must be submitted to the NCUAQMD.
- All replaced buses must be currently registered with the Department of Motor Vehicles (DMV). A copy of the DMV registration must be submitted to the NCUAQMD.
- New diesel-fueled buses with a GVWR greater than 14,000 pounds are eligible for funds.
- Up to \$140,000 will be awarded to purchase a new bus. Program funds can only be used to purchase a new bus that is equipped with essential or standard equipment. A bus vendor quote for the replacement bus must be submitted to the NCUAQMD.
- The older bus must be replaced with a bus that meets the following emission criteria:

2007-2009 Model Year		2010 Model Year	
NO <sub>x</sub> (g/bhp-hr)	PM (g/bhp-hr)	NO <sub>x</sub> (g/bhp-hr)	PM (g/bhp-hr)
1.44 NO <sub>x</sub> FEL*	0.01	0.2	0.01

FEL- Family Emission Level

g/bhp-hr: grams per brake horsepower-hour

\*Both the NO<sub>x</sub> FEL and the NO<sub>x</sub> +NMHC FEL must be at or below 1.44 g/bhp-hr.

- Grantees must obtain from the school bus distributor a copy of the CARB certification Executive Order (EO) for the engine of the replacement bus, and supply a copy of the EO for the engine to the NCUAQMD.
- Deadline for the delivery of replacement buses are February 1, 2010 for pre-1977 buses and April 1, 2011 for 1977-1986 buses. The NCUAQMD will reduce its grant by \$100 per day for every day a bus is delivered after the appropriate deadline.
- The new buses purchased under this program must be operated and maintained according to the manufacturer's warranty specifications. In addition, these buses must be owned and operated by the grant recipient for

a minimum of five (5) years and at least 90% of the operating hours or mileage of all purchased buses must occur within the geographical boundaries of the NCUAQMD. The NCUAQMD may require repayment of grant funds if a grantee sells or otherwise discontinues use of a bus purchased under this program.

## **2. Vehicle Retrofit**

In accordance with LESB Guidelines, CARB level three verified particulate matter control devices will be used to retrofit a 1987 model year and newer vehicles if retrofitting technology is available. Proposals may include cleaning, maintenance, and the purchase of extra filters associated with the retrofit project.

## **Project Solicitation**

In general, the NCUAQMD maintains an active program for the solicitation of grant proposals from the public. In order to reach all sectors of the school community for the LESB Program, the NCUAQMD will make direct contact with school districts, utilize the NCUAQMD website for outreach, place advertisements in newspapers of circulation in all three counties, issue public service announcements, make direct contact at industry events, and provide updated information at Governing Board meetings. The NCUAQMD also maintains a mailing list of interested parties and prior participants who receive a copy of the annual program announcement. Prior to implementation, a pre-program meeting will be held to introduce this program and invite participation of industry and eligible applicants. During the meeting, details of the local program will be explained and future outreach will be discussed.

**The NCUAQMD will begin accepting the first phase of LESB grant applications to replace pre-1977 model year school buses on September 2, 2008.** Funds will first be awarded to replace pre-1977 buses. **The deadline for grant applications is 4:00 p.m. on September 19, 2008.** After completion of the pre-1977 bus replacement component the NCUAQMD will then begin the next phase of the program to replace or retrofit 1977 to 2006 school buses. The tentative schedule for this phase is reflected in Appendix A.

## **Environmental Justice**

District staff has gathered census information regarding populations for Humboldt, Del Norte and Trinity Counties. School districts will provide information regarding the number of low income students using the free meal program. A compilation of the information gathered will be incorporated into the project review process.

## Application Process

Project requirements and individual incentives are governed by the LESB Program Guidelines revised by CARB in 2008, and by the requirements of this document. The CARB Program Guidelines are available at:

[www.arb.ca.gov/msprog/schoolbus/schoolbus.htm](http://www.arb.ca.gov/msprog/schoolbus/schoolbus.htm)

Once the program is active, the NCUAQMD will announce the availability of LESB Program grants in accordance with the information provided in Appendix A. All project applicants desiring consideration must submit applications. The financial incentives are available to any eligible participant who operates vehicles based and operated primarily within the NCUAQMD. Applications received will be reviewed for completeness and eligibility. The procedures for application submittal and processing are outlined below:

1. The NCUAQMD will accept funding applications beginning September 2, 2008 for Pre-1977 Replacements and as of November 4, 2008 for 1977-2006 Replacements/Retrofits. Application forms are available at the NCUAQMD Office, on the Internet at [www.ncuaqmd.org](http://www.ncuaqmd.org) or by contacting the LESB Grant Program Manager at (707) 443-3093.
2. Applicant must provide ownership verification for the vehicle subject to replacement/retrofit.
3. Each applicant must submit an application to the NCUAQMD and meet the general program criteria as applicable. Applications may be submitted by mail or hand delivery. **FAXES WILL NOT BE ACCEPTED.**
4. Applicants must certify that they are authorized to apply for LESB Program funding and to authorize any required project match, when submitting the application for funding. Applications from public agencies must include a resolution from the agency's governing board.
5. Within five working days of submission, applicants will be notified if their application is incomplete. Incomplete applications will be returned to the applicant with written notification of application deficiencies. Any application that is not returned to the NCUAQMD with the requested information postmarked within fourteen (14) calendar days from the date of processing is rendered null and void, and resubmission is required for further consideration.
6. The NCUAQMD utilizes the electronic database maintained by CARB to track project information including: the name and address of the project owner, the category of project and type of baseline engine.

**Application forms must be mailed or delivered to:**

**North Coast Unified AQMD**

**Attn: LESB Program**

**2300 Myrtle Ave.**

**Eureka, CA 95501**

**The deadline for Pre-1977 grant applications is 4:00 p.m. on September 19, 2008.**

**The deadline for 1977-2006 grant applications is 4:00 p.m. on February 2, 2009.**

The schedule for program implementation is located in Appendix A.

### **Project Evaluation and Selection Process**

All projects must meet the minimum requirements stated in the latest LESB Program Guidelines and CARB Technical Advisories. All completed applications received during the initial 30 day application period are entered into the CARB online database, and are then ranked according to the following NCUAQMD protocol. The District will maintain a list of all applications that were not granted funds. Should additional grants funds become available this list of applicants will be used to fund additional projects.

The NCUAQMD will work with local school districts to contract all state mandated program funds designated for pre-1977 model year school bus replacements by February 1, 2009.

## **Fund Commitment and Expenditure**

### **Retrofit Implementation Plan**

Retrofits are a vital component of the NCUAQMD's program as school buses typically remain in service for long periods of time. Retrofitting in-use diesel school buses will result in significant diesel emission reductions that are immediate, will benefit children's health, air and are the most cost-effective use of these funds. After replacing pre-1977 model year buses, the NCUAQMD commits 25% of leftover allocated funds to the in-use retrofit portion of the program. The APCO reserves the right to adjust this percentage in order to expend funding by project milestone dates. The cost cap for retrofit devices is \$20,000.00. The monies shall be used for equipping in-use buses with CARB-verified Level 3 diesel emission control retrofit devices. If the funds are not allocated according to the CARB timetable, the NCUAQMD will remedy the situation by initializing a second round of outreach. If the second round of outreach is unsuccessful, a remediation plan will be prepared.

### **Guidelines for Retrofit Eligibility**

All diesel emission control devices shall be CARB certified Level 3 Diesel Particulate Filter. Eligible projects include retrofits for the middle-aged in-use diesel school bus fleet 1987 model year and newer buses. There is not a manufacturer's gross vehicle weight rating (GVWR) requirement of over 14,000 pounds, however some of the CARB Executive Orders may require this in their terms and conditions. The NCUAQMD and

school district shall work together to determine the feasibility for retrofitting eligible buses. The school district will select the emissions reduction system that is best for their long-term operation. A list of common engines eligible for retrofit can be viewed at:

<http://www.arb.ca.gov/diesel/cv.htm>

### **Retrofit**

1987 to 2006

Retrofit maximum of \$20,000 per retrofit. (includes installation, maintenance and data logging.) The retrofits are subject to technology availability.

Future funding will vary depending upon the availability of funds. LESB Grant funds will be tracked by the NCUAQMD Controller and LESB Program staff according to general accounting practices and current program guidelines.

## **Commitment to 1977-1986 Model Year School Bus Replacements**

After ensuring funding for replacement of pre-1977 buses, the NCUAQMD has the discretion to determine how to split the funding allocations between new school bus purchases to replace 1977-1986 model year buses and in-use bus retrofits. The NCUAQMD is committed to allocate 75% of funds on the replacement of these buses. The APCO reserves the right to adjust this percentage in order to expend funding.

### **Replacement**

- Pre-1977 Replacement
- 1977 to 1986
  - a. Replacement

Replacement requires a \$25,000 match by applicant. However, ARB has granted local air districts the authority to provide partial waivers for the match requirement when deemed necessary. 1B funds may be used to cover \$15,000 of the match requirement for 20% of the buses funded with State funds in its respective air district. The remaining portion of the match (\$10,000) must still be provided through the local school or other eligible match funding. School districts must submit to the NCUAQMD a request for waiver of the \$25,000 of the match requirement.

## **Fiscal Practices and Procedures**

### **General Program Administration**

#### **1. Program Timelines**

CARB has established a consistent timeline for each year's funding and reporting cycle (Appendix D to "2008 Lower Emission School Bus Program Guidelines"). This

timeline allows for award, obligation and expenditure of State funds to meet State fiscal requirements. The NCUAQMD implementation timeline to meet CARB's required deadlines for applying for local funding, and obligation and expenditure of those funds, is determined annually by the APCO. A memo outlining the proposed calendar is forwarded to CARB along with the program year grant request forms.

## **2. Obligation of Funds to Projects**

The NCUAQMD will not obligate funds through contractual agreements until sufficient LESB Program funds are on deposit within NCUAQMD financial accounts. Once final selection of projects to receive awards has been completed and approved by the APCO, obligation of funds can take place. After project selection is complete, contracts are fully executed by the applicant and APCO. Project information is entered into the NCUAQMD database and monitored. The NCUAQMD will obligate state funds one year from June 30 of the year the NCUAQMD receives its initial grant award and authorization form.

## **3. Payment for Projects (Expenditure)**

Once the project is executed, the applicant will submit an original or copy of the original invoice requesting payment. NCUAQMD staff will conduct necessary post-inspections as described in Section 4 below. After successful inspection, the NCUAQMD staff will provide the documentation to process the request for payment and forward it to the APCO for approval. Once the APCO has approved the documentation it is then forwarded to the Controller for payment. The NCUAQMD will make payments to the applicant only.

## **4. Project Audits**

The NCUAQMD audits at least ten percent (or a statistically significant number) of the projects that have more than a three-year project life and are within two years of contract expiration. In addition, NCUAQMD audits will include all of the projects whose owners fail to report annually. The audit will be completed by NCUAQMD staff.

The audit includes at a minimum, verification for which the engines paid are still operational and meet the mileage, fuel usage, or hours of operation indicated on the executed contract. This is completed by checking the serial number of the engine, witnessing the engine operate, and checking the odometer, hour meter/usage device, fuel receipts, or electronic monitoring unit (EMU).

The NCUAQMD also will randomly audit at least five percent (or a statistically significant number) of the projects at the end of the contract term. Included are projects whose owners failed to report annually and those projects that were found

to be below the level of use during the audit two years prior to the end of the contract. The audit will be completed by NCUAQMD staff.

## **5. Reporting**

All project awardees are required via contract term to produce an annual report for the project. Requirements and format of these reports is included in the contract language. The annual report is generated from the LESB database and a copy is found in the appendix. Applicants are required to submit annual reports to the NCUAQMD by January 31 of each year until termination of the contract.

## **6. Interest Calculation**

The NCUAQMD will track and report to the CARB the amount of interest earned on State program funds held in NCUAQMD accounts beginning immediately after receipt. The calculation of interest shall be based upon an average daily balance and shall be tracked such that it is separately identifiable from other State program funds. The interest income shall be used to fund projects or administrative expenses that comply with the "2008 Lower-Emission School Bus Program Guidelines".

## **7. Indirect Cost Calculations**

### **Overhead**

Indirect costs will be calculated on a percentage of selected expenses, listed below. The basis will be the average percentage of hours spent by staff on the grant program per 75 hour pay period over the fiscal year. Expense categories include, but are not limited to, fees for office supplies, accounting, computer maintenance, communications (telephone and internet), vehicle expenses, liability insurance expenses, building maintenance, equipment maintenance, janitorial expenses, computers, office equipment, and utilities expenses.

## **8. Direct Cost Calculations**

### **Payroll**

The cost of time spent by staff will be based on their current hourly rate fully burdened by all benefits as awarded by the NCUAQMD Personnel Manual and applicable federal and state payroll taxes.

### **Travel**

Travel and per diem expenses will be consistent with written and approved NCUAQMD travel policies outlined in the NCUAQMD Personnel Manual. All travel will receive prior authorization utilizing existing Travel Request procedures.

## **Project Reports**

### **Inspections and Reports**

During the post-project inspection, the NCUAQMD will verify the new vehicle has been delivered, that the equipment has been installed, that the goods and services were actually paid by the applicant, and that the baseline vehicle was dismantled in accordance with the current version of the LESB Program Guidelines.

At least once every two years of the contract term, the NCUAQMD shall conduct an onsite inspection of the new vehicle or retrofit equipment to verify its integrity and shall make reasonable efforts to verify that operation of the device is occurring according to conditions of the contract.

Simple annual reports will be required for the entire length of the contract term. The reports shall include such information as vehicle miles traveled, fuel consumed, and details regarding maintenance. Reports shall be postmarked no later than January 31<sup>st</sup> [for the prior year's reports].

If the applicant fails to fulfill obligations of the contract, liquidated damages will be assessed in accordance with the 2008 LESB Program Guidelines.

The NCUAQMD is required to report bi-annually to CARB on the status of each year of LESB Program funding. NCUAQMD LESB staff works with the CARB liaison to complete and submit these reports.

### **Semiannual Report**

The semiannual report is required to be submitted to CARB on the first of February and August each year. The report uses the CARB-prescribed format to discuss progress in meeting projected milestones from the current year's LESB Program funds. "Current year" is the year in which the funds were awarded to the NCUAQMD by CARB. This public report provides information on the NCUAQMD's progress in meeting its projected milestones from the current year's LESB Program. Obligated funds are documented by updating the database. NCUAQMD LESB staff updates the CARB database annually.

### **Final Report**

The final report is due no later than August 1, 2011. All pertinent information must be entered into the on-line database. The fiscal program must be reconciled, and a hard copy of the report forwarded to the CARB.

### **Project File Set-Up and Maintenance**

The NCUAQMD maintains documentation of solicitation and project selection by fiscal year, as well as program project and fiscal files. Project files at a minimum contain the following: application and estimated project cost, cost effectiveness spreadsheet, original contract, pre/post inspection forms and photographs, an original or copy of the invoice, and annual reports. Program files contain at a minimum the following: CARB grant award and authorization, copy of NCUAQMD approved application, contract and forms, RFP solicitation, outreach and project selection information. LESB contracts are digitized and are maintained permanently. Program files (which include financial information) are kept for the life of the contract plus two years. Financial files are in the process of being digitized and are kept seven years.

### **Contract Components and Process**

The contract term will be 5 years from the date signed by the APCO. Contracts must be signed by both parties before the vehicles or equipment is ordered. Failure to comply with this requirement will result in disqualification of the application for funding. If the NCUAQMD and the applicant are unable to agree on project terms within 50 days after beginning the agreement negotiation phase the APCO may elect to render the application null and void. Applicants will be notified by mail of grant awards.

Contracts will, at minimum, contain the following provisions:

- Applicant agreement that any emission reductions associated with this program will be claimed and then retired by the NCUAQMD in the interest of air quality improvement. 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 NCUAQMD or any other agency for such credits.
- Project Milestones
- Party Names and Dates
- Enforcement
- On-Site Inspections, Audits, and Records Retention
- Notices
- Contract Term
- Project Specifications
- Funding Caps
- Invoices
- Payment
- Disposal of Replaced Buses
- Assumed Date(s) of Delivery
- New Bus Purchase Deliver Deadlines and Liquidated Damages

- Infrastructure Deadline
- Requirement for CHP Safety Inspection After Audit
- Ownership and Operation
- Maintenance
- Fuel Additives
- Non-Compliance Terms

After the contracts are signed by the applicant, a pre-project inspection of the vehicle and equipment will be conducted to verify information submitted in the project application and to verify baseline vehicle and equipment integrity.

The applicant will have 60 calendar days from execution of the contract (its signature by both parties) to place a purchase order for the new vehicle or equipment. The applicant must submit a copy of the purchase order(s) to the NCUAQMD within the 60 day time period. Upon receipt of the purchase order, the NCUAQMD will “lock in” the incentive. Failure to provide a purchase order within 60 days may result in the forfeiture of the incentive and termination of the contract, as determined by the APCO.

The applicant will provide written “Notice of Project Completion” to the NCUAQMD once either the new vehicle has been delivered, or work to replace or retrofit an existing engine has been completed, and the goods and services paid for by the applicant. The applicant will also ensure that the modified/retrofitted school bus receives a CHP safety inspection and shall include a copy of completed CHP form 343 or 343A with the Completion Notice. The NCUAQMD will verify the transaction, perform a post project inspection and then transmit the incentive amount to the applicant within 30 calendar days of receipt of the Notice of Project Completion (see VII General Program Administration).

In the rare event that the NCUAQMD is unable to secure the emission reductions through the original project OR there is a default by the school district, the NCUAQMD will follow a progressive course of action, based upon consultation of NCUAQMD’s legal counsel.

1. Staff will notify grantee in writing of failure to meet contract requirements and attempt to negotiate an appropriate resolution.
2. The applicant will have 15 days to explain or correct the deficiency.
3. Legal counsel will write the bus owner a letter demanding repayment of the funds or some other suitable resolution.
4. Failure to correct the contract deficiency will result in the rescission of the grant award and a pro-rated repayment of the outstanding contractual agreement (ALL CONTRACTS ARE 5 YEARS) days as follows:
  - If the deficiency occurs prior to the anniversary date of the first year of operation by the grantee, the grantee shall reimburse the NCUAQMD ninety

percent (90%) of the total grant funds awarded that are allocated for that school bus.

- If the deficiency occurs after its first year of operation but prior to its anniversary of the second year of operation by the grantee, the grantee shall reimburse the NCUAQMD eighty percent (80%) of the total grant funds awarded that are allocated for that school bus.
- If the deficiency occurs after its second year of operation but prior to its anniversary date of the third year of operation by the grantee, the grantee shall reimburse the NCUAQMD sixty percent (60%) of the total grant funds awarded that are allocated for that school bus.
- If the deficiency occurs after its third year of operation but prior to its anniversary date of the fourth year of operation by the grantee, the grantee shall reimburse the NCUAQMD forty percent (40%) of the total grant funds awarded that are allocated for that school bus.
- If the deficiency occurs after its fourth year of operation but prior to its anniversary date of the fifth year of operation by the grantee, the grantee shall reimburse the NCUAQMD twenty percent (20%) of the total grant funds awarded that are allocated for that school bus.

### **Liquidated Damages**

For the purchase of new school buses to replace buses of any eligible model year, the NCUAQMD shall assess a performance penalty in accordance with CARB Guidelines.

Contracts between the NCUAQMD and the school district shall include the following language:

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

The purchase orders and contracts between school districts and bus vendors must contain the following language:

*\*\*For every day after (February 1, 2010 for pre-1977 Bus Replacements or April 1, 2011 for 1977 to 1986 Bus Replacements) in which a 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 bus purchased with funds from the Lower-Emission School Bus Program.\*\**

\*(CARB mandated language)

## Coordination with CARB

CARB has assigned a staff liaison for each NCUAQMD. The current liaison assigned to NCUAQMD is:

Ms. Robin Myers

(916) 322-6973

[rmyers@CARB.ca.gov](mailto:rmyers@CARB.ca.gov)

NCUAQMD staff that interface with CARB as needed. NCUAQMD staff shall document any correspondence with CARB staff regarding CARB interpretations, clarification, guidance or possible deviations from the LESB Program Guidelines. All documentation shall be kept in the LESB Program project files.

## CARB Oversight

As part of their oversight responsibilities, CARB staff performs audits of NCUAQMD's implementation of the LESB Program. An audit of NCUAQMD's program may involve other state agencies, such as the Department of Finance and State Bureau of Audits. Audits may be fiscal, programmatic, or both. The NCUAQMD staff who is responsible for implementing the LESB Program is the APCO, an administrative staff person, an air pollution specialist, and the controller.

The Executive Office of the NCUAQMD hereby approves the LESB Guidelines, Policies & Procedures Manual for the administration of the NCUAQMD Lower-Emission School Bus Grant Program.

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Richard L. Martin, Jr., APCO

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Date

## Appendix A

### Lower-Emission School Bus Program Expanded Table

This appendix is the NCUAQMD's complete Lower-Emission School Bus Program Timetable. The dates shown are the draft dates for execution of the designated activities conducted with State program funding.

Date	Milestone
July and August 2008	Develop infrastructure to implement LESB Program.
August 2008	NCUAQMD verifies pre-1977 bus inventory.
By the Beginning of September 2008	The NCUAQMD submits all required info to CARB. <b>(6 week response time from CARB.)</b>
September 2, 2008	Send out 1 <sup>st</sup> round kick-off letter, application and bus inventory to Ferndale Unified School District.
September 19, 2008	Deadline for applications for pre-1977 school bus replacements.
On November 5, 2008	NCUAQMD outreach in Eureka for Del Norte & Humboldt County School Districts.
On November 4, 2008	NCUAQMD outreach in Trinity County School District.
December 5, 2008	NCUAQMD will have pre-1977 buses under contract.
December 8, 2008	NCUAQMD will request more funds as needed.
February 1, 2009	First semiannual report is due to CARB. CARB will evaluate NCUAQMD's implementation.  By this date CARB requires that 100% of pre-1977 buses must be under contract and ordered.
November 2009	NCUAQMD opens application period for 1977-1986 replacements and all retrofits.
February 2, 2009	Application Period ends for 1977-1986 replacements and all retrofits.
August 1, 2009	Second semi-annual report to CARB due.
August 1, 2009	Second semiannual report to CARB due.
Mid-January 2010	50% of NCUAQMD's allocation must be under fully executed contracts.  Outreach to unresponsive school districts will begin (if necessary).

<b>Date</b>	<b>Milestone</b>
February 1, 2010	<p>Third semiannual report to CARB due.</p> <p>The NCUAQMD must have the following complete:</p> <p>100% of pre-1977 bus replacements paid for, delivered and in operation.</p> <p>100% of 1977-1986 bus replacement funds under fully executed contracts and buses ordered.</p> <p>50% of retrofit commitment under fully executed contracts.</p> <p>10% of retrofit funds spent and retrofitted buses in operation.</p>
August 1, 2010	<p>Fourth semiannual report due to CARB</p> <p>NCUAQMD must have 100% of funds under fully executed contracts. If funding is not under contract a remediation plan will be prepared.</p>
February 1, 2011	Fifth semiannual report due to CARB.
April 1, 2011	All new buses and infrastructure must be complete.
June 30, 2011	Deadline for full expenditure of Proposition 1B funds.
August 1, 2011	Final report due to CARB.

## **Appendix B**

### **PROGRAM DOCUMENTS**

1. Request for Proposal (Pre-1977 Replacement)
  - RFP for Pre-1977 Bus Replacement
  - Letter to Ferndale Union High School along with School Bus Inventory Form and Application for Replacement of Pre-1977 school bus.
2. Outreach Documents
  - Initial contact letter and Bus Inventory Form
  - Notice of Public Workshop (November 4 & 5)
  - Workshop Agenda (November 4 & 5)
  - Workshop Presentation
3. Request for Proposal (1977-2006 Replacement/Retrofit)
4. Application (1977-2006 Replacement/Retrofit)
5. Forms
  - Contracts (Replacement & Retrofit)
  - Lower Emission School Bus File Checklist
  - Lower Emission School Bus Application Checklist
  - Dismantle/Scrap Form
  - NCUAQMD Contract Signature Flow Form
  - Memo to Request Disbursement of Grant Funds
  - List of Reports due for LESB Program