

November 11, 2008

Air Pollution Control Board
800 South Victoria Avenue
Ventura, CA 93009

**SUBJECT: PROPOSED FUNDING FOR SCHOOL BUS GRANT PROGRAM PROJECTS
(RECOMMENDATIONS 1-9 AND 11 REQUIRES 6/10 VOTE)**

RECOMMENDED ACTION:

1. Approve funding of up to \$1,541,580 for School Bus Grants to assist the Ventura Unified School District with the following projects:
 - a). Replacement of five (5) pre-1987 school buses with four (4) Compressed Natural Gas (CNG) powered school buses and one diesel-electric hybrid school bus.
 - b). Replacement of four (4) pre-1987 school buses with low-emission diesel buses.
 - c). Retrofit of seven (7) 1987 or newer school buses with Level 3 particulate filters.
 - d). Assist in the construction of a natural gas fueling station. Maximum award per ARB guidelines is \$56,000, which is \$14,000 per CNG school bus replacement.
2. Approve funding of up to \$365,456 for a School Bus Replacement Grant project to assist the Fillmore Unified School District's replacement of three (3) pre-1987 school buses with three (3) new lower-emission diesel school buses.
3. Approve funding of up to \$130,000 for a School Bus Replacement Grant project to assist the Ocean View School District's replacement of one (1) pre-1987 school buses with one (1) lower-emission diesel school bus.
4. Approve funding of up to \$240,000 for a School Bus Retrofit Grant project to assist the Simi Valley Unified School District's retrofit of twelve (12) 1987 or newer school buses with Level 3 diesel particulate filters.
5. Approve funding of up to \$180,000 for a School Bus Retrofit Grant project to assist the Ojai Unified School District's retrofit of nine (9) 1987 or newer school buses with Level 3 diesel particulate filters.
6. Approve funding of up to \$120,000 for a School Bus Retrofit Grant project to assist the Pleasant Valley School District's retrofit of six (6) 1987 or newer school buses with Level 3 diesel particulate filters.

7. Approve funding of up to \$140,000 for a School Bus Retrofit Grant project to assist the Rio School District's retrofit of seven (7) 1987 or newer school buses with Level 3 diesel particulate filters.
8. Approve funding of up to \$20,000 for a School Bus Retrofit Grant project to assist the Somis Union School District's retrofit of one (1) 1987 or newer school bus with a Level 3 diesel particulate filter.
9. Approve funding for up to \$703,866 for a School Bus Retrofit Grant project to assist Durham Transportation Service's Retrofit of forty-six (46) 1987 or newer school buses with Level 3 particulate filters. These retrofits include one for its Ventura fleet, sixteen for its Thousand Oaks fleet, and twenty-nine for its Oxnard fleet.
10. Direct the Air Pollution Control Officer to prepare Grant Agreements for the above projects, if approved for funding, using the Grant Agreement previously approved by your Board that has been updated to meet current state guidelines, and authorize the Air Pollution Control Officer to sign these Grant Agreements on behalf of the Air Pollution Control District and to make any necessary minor administrative changes to such agreements.
11. Authorize the Auditor-Controller to process the following accounting transaction for the School Bus Replacement Program in Special Revenue Fund 7002 – Air Pollution Grants for Fiscal Year 2008-2009 (requires **6/10 vote**):

Increase Revenue (9248 – State Aid)	\$215,000
Increase Revenue (9371 - Other Government Agencies)	\$3,225,902
Increase Services and Supplies (2301 –Other Grants)	\$3,440,902

FISCAL/MANDATES IMPACT:

Mandatory: No

Source of Funding:	Proposition 1B	\$3,225,902
	Motor Vehicle Fee AB 923 Program	\$215,000

STATEMENT OF MATTER FOR BOARD CONSIDERATION:

A. Background

On May 13, 2008, your Board approved a resolution to participate in the state's Lower Emission School Bus Program and accepted a grant award from the Air Resources Board for up to \$5 million to carry out this grant program. The Lower-Emission School Bus Program was established by the state legislature in 2001 to reduce school children's exposure to toxic diesel particulate emissions. Since 2001, grants to school districts in the county have resulted in the replacement of 24 older diesel buses with 18 CNG buses and 6 lower-emission diesel buses. Also during that time, 88 school buses have been retrofitted with ARB-verified emission control devices.

Approved by the California voters in November 2006, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) designated \$200 million statewide to replace old high-polluting school buses and to retrofit existing diesel school buses with ARB-verified pollution control equipment. On March 27, 2008, the ARB adopted revised guidelines for the school bus grant program and adopted grant allocations for each air district in the state based on a formula from enabling legislation (SB 88, Health and Safety Code Sections 44299.90-44299.91). According to estimates from the Air Resources Board, the emission reductions resulting from this grant program in Ventura County will be 75 tons of nitrogen oxides (NO_x), 5 tons of toxic particulate matter (PM), and 550 tons of carbon dioxide (CO₂) through 2020.

B. Proposal

Health and Safety Code Section 44299.901(e) specifically requires that the CARB School Bus Program Guidelines be used to develop and administer this program. Staff contacted all school districts in the county that own their bus fleet and all school bus transportation service providers. On June 5, 2008, staff held a public workshop with the Air Resources Board, school districts and school bus vendors and provided information on the grant program. On July 1, 2008, a request for grant applications was published and grant applications were accepted until September 2, 2008. Staff received nine proposals from the following school districts and Durham Transportation Services: Ventura Unified, Fillmore Unified, Ocean View, Simi Valley Unified, Ojai Unified, Pleasant Valley, Rio, and Somis Union.

Funding available for this first phase of the grant program is limited by state guidelines to 65 percent of the \$5 million grant award, or \$3,250,000. State guidelines also encourage the awarding of grants to retrofit existing school buses because it is a more cost-effective diesel particulate control measure. The cost to replace one school bus is approximately equivalent to the retrofitting of seven (7) school buses. Therefore, staff is recommending that your Board fund all school bus retrofit grant applications, which totals \$1,543,866. This easily exceeds the goal recommended in state guidelines for 25 percent of total awards be designated for retrofits.

Selection of the grant awards for school bus replacements must follow state guidelines which dictate that only the oldest school buses may be funded. Therefore, the school districts with the oldest buses were given priority funding, and for this phase of the program only school buses with model years 1981 or older were selected for potential funding.

Staff will use a Grant Agreement similar to the School Bus Grant Agreement, which has been recently reviewed by County Counsel. This Grant Agreement was updated to meet state guidelines, and it has been approved by the Air Resources Board. Staff will administer the Grant Agreement and ensure the project time and milestone schedules are met before funds are provided to the project proponents/school districts. The Air Pollution Control Officer also requests authorization to make minor administrative changes to the Grant Agreements, if necessary. If a significant change to a Grant Agreement is required, your Board will be requested to approve the change.

Air Pollution Control Board
November 11, 2008
Page: 4

The Auditor-Controller's Office and County Counsel have reviewed this letter. If you have any questions, please contact Stan Cowen at 645-1408 or Nancy Mendoza (Fiscal) at 645-1402.

MICHAEL VILLEGAS
Air Pollution Control Officer