

BOARD MEETING DATE: December 2, 2022

AGENDA NO. 4

**PROPOSAL:** Appropriate Funds and Authorize Execution of Grant Agreements to Replace Onboard CNG Fuel Tanks on School Buses, and Recognize Funds, Execute Contracts and Reimburse the General Fund for Zero-Emission School Bus Funding Using CARB Supplemental Environmental Project Funds

**SYNOPSIS:** Since 2001, South Coast AQMD has replaced over 1,800 high polluting diesel school buses with CNG and battery electric buses. The fuel tanks on these CNG school buses have a manufacturer's service life of approximately fifteen years before needing to be replaced. In November 2019, the Board approved \$3 million for the onboard CNG Tank Replacement Program to assist schools with replacing CNG fuel tanks and these funds are nearly exhausted. In addition, CARB is providing \$2.9 million in Supplemental Environmental Project (SEP) funds to South Coast AQMD for replacing diesel school buses with zero-emission buses by contracting with local school districts from a Board-approved backup project list. These actions are to: 1) appropriate \$3 million from the Carl Moyer Program AB 923 Fund (80) to replace onboard CNG fuel tanks on public school buses; 2) authorize execution of grant agreements on a first-come, first-served basis to replace onboard CNG fuel tanks until funds are exhausted; 3) recognize up to \$2.9 million into the CARB SEP Special Revenue Fund (87); 4) execute contracts with local school districts to replace diesel school buses with zero-emission buses; and 5) reimburse the General Fund for administrative costs of up to \$196,040 from the CARB SEP Special Revenue Fund (87).

**COMMITTEE:** Technology, November 18, 2022; Recommended for Approval

**RECOMMENDED ACTIONS:**

1. Appropriate \$3 million from the Carl Moyer Program AB 923 Fund (80) to continue replacing onboard CNG fuel tanks for public school buses;
2. Authorize the Chairman to execute grant agreements on a first-come, first-served basis until funds are exhausted to continue the replacement of onboard CNG fuel

- tanks on public school buses that are between 14 and 16 years old, under the existing open Program Announcement (#PA2012-16);
3. Recognize, upon receipt, up to \$2.9 million into CARB SEP Special Revenue Fund (87);
  4. Authorize the Chair to execute contracts with local school districts to replace diesel school buses with zero-emission buses from a Board-approved backup list of projects identified in the CARB SEP in an amount up to \$2.7 million from CARB SEP Special Revenue Fund (87); and
  5. Reimburse the General Fund for administrative cost of up to \$196,040 from CARB SEP Special Revenue Fund (87).

Wayne Natri  
Executive Officer

AK:WS:YJT

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### **Background**

Since the commencement of the Lower Emission School Bus Program in 2001, South Coast AQMD has funded about \$325 million in state and local funds to replace over 1,800 diesel school buses primarily with CNG school buses and retrofit over 3,400 diesel school buses with diesel particulate traps. The fuel tanks on the CNG school buses have a manufacturer's service life of approximately fifteen years and then require replacement to continue operating. In April 2012, the Board issued Program Announcement #PA2012-16 using \$3 million from the Carl Moyer Program AB 923 Fund (80) to fund on a first-come, first-served basis the replacement of onboard CNG fuel tanks on public school buses that are between 14 and 16 years old. In November 2019, an additional \$3 million was approved by the Board to continue the onboard CNG tank replacement program for public school districts. However, due to the continuing high demand for onboard CNG tank replacements, there is a need for additional funding.

Staff previously submitted a zero-emission school bus project plan to CARB for any upcoming Supplemental Environmental Project (SEP) funds. In August 2022, as part of the settlement SEP with Fiat Chrysler Automobiles US LLC, CARB will provide up to \$2.9 million directly to South Coast AQMD to replace older diesel school buses with zero-emission replacements. As a result, South Coast AQMD has executed a SEP oversight agreement with CARB.

Staff proposes to utilize the SEP funds on zero-emission school bus projects from an existing backup project list approved by the Board on December 3, 2021. This backup project list has been ranked for each county within the South Coast Air Basin based on

the school bus model year, benefits to disadvantaged and/or low-income communities, and project cost-effectiveness. In addition, CARB requested that the SEP revenue funds be received into a separate special revenue fund to track expenditures and interest generated from the SEP funds.

**Proposal**

These actions are to appropriate an additional \$3 million from the Carl Moyer Program AB 923 Fund (80) and to authorize execution of grant agreements to continue replacing onboard CNG fuel tanks in public school buses that are between 14 and 16 years old. Per the Lower Emission School Bus Guidelines issued by CARB, a maximum of \$20,000 per bus can be funded for onboard CNG tank replacements. This funding will cover approximately 150 buses at public school districts and will be used to fund applications received in response to the open Program Announcement #PA2012-16 on a first-come, first-served basis until all funds are exhausted.

This action is to also recognize up to \$2.9 million, upon receipt, into CARB SEP Special Revenue Fund (87), reimburse the General Fund for administrative cost of up to \$196,040 from CARB SEP Special Revenue Fund (87), and authorize the Chair to execute contracts with local school districts in an amount up to \$2.7 million from CARB SEP Special Revenue Fund (87). South Coast AQMD staff will work with the school districts identified from the backup project list approved by the Board on December 3, 2021 and develop contracts to deploy zero-emission school buses and supporting infrastructure.

**Benefits to South Coast AQMD**

Replacement of expiring CNG fuel tanks with new tanks will enable school districts to continue operating their CNG buses for approximately 15 additional years based on their useful life. Also, successful implementation of the CARB SEP to fund zero-emission school buses will reduce NOx, ROG, and PM emissions by approximately 0.9 tons per year, 0.07 tons per year, and 0.03 tons per year, respectively. Both actions will provide less polluting cleaner transportation for school children and reduce exposure to toxic diesel particulate matter emissions.

**Resource Impacts**

Funding for the CNG fuel tank replacement program will be provided from the Carl Moyer Program AB 923 Fund (80). Up to \$2.9 million, upon receipt, will be recognized into CARB SEP Special Revenue Fund (87), and reimbursement of administrative costs will not exceed \$196,040.