

Clean Buses for Kids

PROGRAM DESCRIPTION

Introduction

The purpose of the Clean Buses for Kids School Bus Diesel Retrofit Program is to retrofit diesel school buses with emission control equipment to reduce particulate emissions. The Program provides funding to school districts and other eligible public entities to purchase and install emission control equipment to minimize diesel particulate emissions from school buses and to offset increased costs associated with using ultra-low sulfur diesel fuel (ULSD).

Each day, nearly 600,000 school buses transport 24 million students to schools in the United States. The time spent on buses by individual students varies from 20 minutes to several hours per day. A half-hour bus ride to school and a half-hour ride home each day amounts to 180 hours per school year or 90 full 24-hour-days over 12 years of school. Annually, U.S. children spend 3 billion hours on school buses.

Approximately 99 percent of school buses are diesel. Exposure to particulates from diesel engine exhaust has been associated with: increased mortality among those with cardiopulmonary diseases; exacerbation of symptoms for asthma, bronchitis, and pneumonia; decreased lung function; and retarded lung development. It has also been correlated with increased hospital admissions and emergency room visits for respiratory illnesses. Children may be especially susceptible to adverse respiratory effects following exposure to fine-diameter particulate matter (PM 2.5) emitted from diesel engines. There is no recognized safe level of exposure to particulates from diesel engine exhaust. Consequently, retrofitting diesel school buses to reduce particulate emissions will benefit school children directly by reducing their exposure to particulates.

Eligibility

Type of Entity

Applicants must be public school districts (as defined and recognized by the U.S. Department of Education) or a government entity that owns and operates a diesel school bus fleet. The Program is dedicating most of its funds to retrofit buses in non-attainment areas, which are listed in Appendix A. However, limited funds may be available for entities that are outside of non-attainment areas as described below.

Type of Vehicles

The Program is providing funding to retrofit school buses with all of the following characteristics:

- equipped with diesel engines;
- have a gross vehicle weight rating of 19,500 lbs or more;
- travel at least 10,000 miles per year and are in service at least 4 days a week during the school year; and
- are model year 1994 or newer.

This project was undertaken in connection with the settlement of an enforcement action, *United States v. Toyota Motor Corporation*, brought on behalf of the U.S. Environmental Protection Agency under the Clean Air Act.

Type of Technologies

To reduce particulate emissions from diesel school buses, the Program is funding the purchase and installation of diesel particulate filters. Only qualified diesel particulate filters listed on the U.S. Environmental Protection Agency's (EPA) verified retrofit technology list (<http://www.epa.gov/otaq/retrofit/retroverifiedlist.htm>) or the California Air Resources Board's (CARB) level 3 verified retrofit technology list (<http://www.arb.ca.gov/diesel/verdev/level3/level3.htm>) as of the date that the Application is approved are eligible for funding. At present, the Engelhard DPX, the Johnson Matthey CRT and CCRT, the Lubrizol Engine Control Systems Purifier, the Donaldson DPM, and the Cleaire Longview System diesel particulate filters are verified by EPA or CARB for use with most 1994-2003 (and some 2004) model year school bus engines. (More information on diesel particulate filters can be found in the EPA publication "Questions and Answers on Using a Diesel Particulate Matter Filter in Heavy-Duty Trucks and Buses" (<http://www.epa.gov/otaq/retrofit/documents/f03017.pdf>). As other technologies become verified, they will be added to the list of eligible technologies for this Program. In the unlikely event that a particular technology is de-verified before an entity enters a contract for its installation, the Program Administrator will work with the entity to identify another available and appropriate technology. All retrofit equipment must be sold with a warranty that provides for part-replacement for a period of 100,000 miles or 5 years (whichever comes first).

Type of Fuel

The technology that will be funded by this Program requires the use of ULSD. If requested, the Program will provide up to \$350 per retrofitted bus to offset the additional cost of ULSD above regular diesel. (Note that the ULSD fuel subsidy of \$350 per vehicle is included in the \$750,000 maximum funding award.)

Size and Allowable Uses of Funding

All funds must be used to purchase and install one of the eligible technologies on eligible school buses and to offset the additional cost associated with purchasing ULSD, as described in this Program Description. Use of funds for any purposes other than the purchase and installation of eligible technologies on eligible school buses and to offset the higher cost of ULSD is not permitted.

The maximum funding award will be \$750,000 per entity; the minimum award will be \$30,000 per entity. It is estimated that the cost of each bus retrofit will range from \$6,500 to \$7,500. Costs outside this range may require additional explanation or documentation.

Process for Awarding Funding

The Program is designed to provide a fair opportunity for all interested and eligible entities to receive funding, with an emphasis placed on entities in non-attainment areas. It is expected, however, that the available funding will not be sufficient to fund all interested and eligible entities. Consequently, the process for awarding funding includes a lottery in which each eligible entity that expresses interest in receiving funding is assigned a Rank Order that will be used in reserving funds. The process for awarding funding is as follows.

Expression of Interest Form. Each entity interested in receiving funding shall submit a signed Expression of Interest Form to the Program by November 12, 2004. The information provided in the Expression of Interest Form will be used to make an initial determination that the entity meets the eligibility criteria set forth above. All Expression of Interest Forms received before the deadline from entities determined to be eligible will be entered in the lottery.

Verification of Eligibility. Expression of Interest Forms will be screened to determine their eligibility and whether the sponsoring school district is located in an attainment or non-attainment area. Entities submitting Expression of Interest Forms that are deemed to be ineligible will be informed of the reasons for rejecting their expressions of interest.

Lottery. The Program will assign a rank order to each eligible Expression of Interest Form using a lottery, which will be conducted in two steps. First, all eligible Expression of Interest Forms from entities located in a non-attainment area will be rank ordered randomly; the Rank Order will range from 1 to the number of eligible Expression of Interest Forms received from entities in non-attainment areas. Second, all eligible Expression of Interest Forms from entities located in an attainment area will be rank ordered randomly; the Rank Order will begin with the number that follows the last number assigned in the first step (e.g., if the Rank Order for entities located in non-attainment areas ranges from 1-50, the Rank Order for entities located in attainment areas will begin with 51) and continue until all Expression of Interest Forms from attainment areas have been assigned a Rank Order. The result of this process will be a Lottery-Ranked List of the Eligible Expression of Interest Forms.

Funding Reservation. Priority will be given to funding entities located in the non-attainment areas defined in Appendix A. However, this Program will also achieve a measure of geographic diversity. For this Program, the areas listed in Appendix A have been organized in four (4) regions as summarized in the following table.

REGIONS WITH NON-ATTAINMENT AREAS	STATES WITH NON-ATTAINMENT AREAS (STATES WITH NO NON-ATTAINMENT AREAS)
Northeast	Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island (<i>Vermont</i>)
Mid-Atlantic	Delaware, District of Columbia, Maryland, New Jersey, North Carolina, Pennsylvania, Virginia, West Virginia
West	Alaska, California, Idaho, Montana, Nevada, Oregon, Washington, Wyoming (<i>Hawaii</i>)
Other	Alabama, Arizona, Arkansas, Georgia, Illinois, Indiana, Kentucky, Louisiana, Michigan, Missouri, New Mexico, Ohio, Puerto Rico, South Carolina, Tennessee, Texas, Utah, Wisconsin (<i>Colorado, Florida, Iowa, Kansas, Minnesota, Mississippi, Nebraska, North Dakota, Oklahoma, South Dakota</i>)

This Program will achieve geographic diversity by ensuring that at least two (2) funding awards are made in a non-attainment area in each of these regions. Funding will be reserved for projects as follows.

- ❑ Using the Lottery-Ranked List of Eligible Expression of Interest Forms, the Program will select the two highest-ranked Expression of Interest Forms from each of the four geographic regions. This step will ensure that geographic diversity is achieved.
- ❑ Once two projects are selected from each region, the remaining Funds will be reserved using the Lottery-Ranked List until the available Program funding is used.

Although considered unlikely, it is possible that fewer than two Expression of Interest Forms may be received from a region. If this situation arises, outreach activities will be undertaken to generate additional reservations from the region. An amount of funding will be set aside for the region(s) without adequate representation, and the funding reservation process will proceed with the reduced level of funding. Once additional reservations are received from the region(s), the funding that was set aside will be reserved using this procedure.

Applications. Applicants for all projects for which funding is reserved will be invited to submit a Funding Application. The Funding Application will be due in 60 days from notification. Final agreement by the Program to provide funding is contingent on the submission of a complete and signed Application for activities and expenditures that are eligible under the Program.

Waiting List. All projects for which funding was not reserved will be placed on a waiting list. Each project will retain the Rank Order assigned in the lottery. In the event that additional funding becomes available (e.g., if one of the projects for which funds were reserved decides not to submit an Application or funds are returned pursuant to paragraph 6(f) of the Funding Agreement), the eligible Expression of Interest Forms on the waiting list will be examined in Rank Order using the process described above. Projects selected off the waiting list will be invited to submit a Funding Application as described above.

Funding Awards. Funding awards will be finalized for each project following a review and evaluation of the Application submitted for the project. The Application will be evaluated to ensure that it meets the eligibility criteria for the Program and that it provides all the necessary information required. A formal Funding Agreement between the entity and the Program will be signed before project implementation begins.

Fund Recipient Obligations and Requirements

Anti-Idling and Other Emission Reduction Programs

It is desirable for applicants to have in place other efforts to reduce emissions, such as an idling-reduction program. Therefore, fund recipients will be required to have at least one such program in place before funds are disbursed. In the Application, a district must acknowledge that this is a requirement of the program. Proof of program implementation will be required before any funds will be disbursed. For more information on anti-idling programs, see EPA's Clean School Bus website at <http://www.epa.gov/otaq/schoolbus/antiidling.htm>.

Fuel Use

Diesel particulate filters require the use of ULSD to operate efficiently. Therefore, all buses that are retrofitted under this program must be fueled exclusively with ULSD. Failure to do so may result in the funding recipient being required to refund to the Program the funding received for that particular retrofit (see paragraph 6(f) of the Funding Agreement for more details on this requirement). There may be regional variations in the type of ULSD that is available (varying from < 15 ppm sulfur to < 30 ppm sulfur). Funding recipients must use the ULSD available in their area; verification of availability of ULSD must be provided along with the Expression of Interest Form and the Application. All funding recipients are required to use ULSD of < 15 ppm sulfur once it is available locally through their fuel suppliers and the funding recipients have consumed their existing stock of < 30 ppm ULSD. The Program will require that < 15 ppm sulfur ULSD be used by funding recipients no later than September 1, 2006. In addition, fueling guidelines that prevent misfueling with higher sulfur diesel fuel will be required in the Application.

Equipment Maintenance

Recipients are required to make all reasonable efforts, including the assertion of equipment warranty claims, to use and maintain properly for a period of at least four years the diesel particulate filters purchased and installed under this Program. If, in the course of the Program Administrator's inspections, it appears that equipment is not functioning properly and the malfunction might give rise to a warranty claim, the Program Administrator will recommend to the fund recipient that it pursue a warranty claim. Failure to use and maintain properly the retrofit equipment, including failure to assert equipment warranty claims, may require that all or a portion of the funding awarded for the retrofit not used or properly maintained be returned to the Program Administrator (see paragraphs 3(f) and 6(f) of the Funding Agreement for more details on this requirement).

Project Duration

Fund recipients will be required to complete the installation of all retrofit equipment within 180 days (approximately six (6) months) of notification of acceptance of their Funding Application. However, ongoing reporting will be required beyond this 6-month period. Additional details on reporting requirements are provided later in this section.

Requirements to Receive Payments

Payment of funds will be made directly to the fund recipient or to a payee designated in Section 10 of the Funding Application upon completion of installation of all retrofit equipment. Prior to receiving payment, fund recipients will be required to submit documentation concerning the retrofit equipment installed. Payment documentation requirements are described in more detail in "Payment Documentation: Instructions and Forms" and include the following:

- *Documentation of Services and/or Materials Purchased.* Recipient shall provide one (1) copy of final approved invoices for the services and/or materials purchased in accordance with the Funding Application. Invoices shall show quantities of services and/or materials purchased and part names and numbers (as appropriate). In addition, recipient shall provide proof of warranty. All retrofit equipment must be sold with a warranty that provides for part replacement for a period of 100,000 miles or 5 years (whichever comes first). Recipient shall explain any deviations from the planned services and/or materials described in the Funding Application and acknowledges that no amount greater than the Total Funding Requested in Section 2 of the Funding Application shall be disbursed. In addition, recipient shall provide proof of purchase of ultra-low sulfur diesel fuel.
- *Certification of Installation.* Recipient shall provide a copy of the certificate of installation for each diesel particulate filter installed. Recipient shall also provide a copy of the vendor's data logging results. The certificate of installation form must include information about the vendor, the school buses, the school bus engines, and the particulate filter kits. The data logging results must include information about the results of the data logging, the dates of data logging, the location of the data logger probe, and a statement from the vendor attesting that the buses meet the filter verification requirements.
- *Project Installation Report.* Recipient shall provide Administrator with a Project Installation Report in a form to be specified by the Administrator but which shall include, but not be limited to, contact information, diesel particulate filter information (number & type installed), installation vendor information, ULSD usage information, anti-idling policy information, final funding request information, and any problems encountered during installation. If not already supplied, Project Installation Report will include a copy of the final Bus Data Spreadsheet (Section 4, Table 4-2 from the Funding Application) and a final copy of the Payee Information (Section 10) If not provided with the Funding Application, documentation of other emission reduction program (e.g., an anti-idling program) shall be included.

Please note that it is expected that payment will be made by the Program approximately 60-90 days after receipt of all required documentation.

Reporting Requirements

All fund recipients will be required to submit four (4) annual reports following installation of the retrofit equipment. The annual reports will be due on September 1 of the years 2006-2009. An Annual Report form will be provided and will include the following information for each bus retrofit completed using Program funds:

- Operational status;

- Annual miles driven;
- Annual fuel use;
- Number of days the bus was in service during the year;
- Documentation of maintenance required for the retrofit device or increased maintenance resulting from use of the retrofit device; and
- Documentation of other issues or problems (if any) and how they were addressed, including warranty claims.

In addition to annual reports, fund recipients will be required to maintain the following records: approval by the school board to engage in this Program; records showing the dates when the retrofit devices were installed; odometer reading of each bus when the device was installed; and related maintenance records.

Access and Availability of Documentation

In accepting funding from the Program, fund recipients agree to allow representatives of the Program Administrator and of the EPA access to buses participating in the Program for the purposes of inspection and data verification, as well as access to related project records. Such access will be requested in advance by the Program and will be arranged at a mutually convenient time and location so as not to disrupt the operations of the fund recipient. All submitted documentation must be made available to the EPA and will be publicly released to the extent permitted by, and in accordance with, the procedures of 40 C.F.R. Part 2.

The Program Administrator will visit each recipient at least once to ensure that retrofitted buses remain in service, required documentation is current, and information on annual reports is accurate. The Program Administrator will visit approximately 10% of recipients a second time.

Coordination with Other Programs

Other programs also provide funding to retrofit school buses to reduce diesel emissions. Funding under this Program cannot be used to purchase or install pieces of equipment that also receive funding from other programs. Applicants will be required to certify that the funding under this Program was used to purchase and install equipment that did not receive funding from other sources or programs. In addition, applicants will be required to provide information about other extraordinary sources of funding that have been received in the five (5) years prior to submittal of the Funding Application to purchase and/or install similar types of emissions-reduction equipment on diesel school buses. The purpose of this requirement is to ensure that a given piece of equipment or particular installation was not funded more than once under different programs.

Step by Step Guide to Participation

Step 1: Submit a Funding Expression of Interest Form

Interested parties should complete an Expression of Interest Form and submit the Form to the Program. Each interested party may submit only one Expression of Interest Form. Expression of Interest Forms must be received by November 12, 2004 and will serve as an expression of interest for receiving a specific funding amount. Submission of an Expression of Interest Form does not guarantee receipt of funding. Rather, it provides information so that eligibility can be verified, and it guarantees an entry in the lottery for Program funds if the submitting party is deemed eligible.

Step 2: Receive an Invitation to Submit an Application

If your Form is selected based on the Rank Order assigned in the lottery (and any considerations related to geographic diversity), funds will be reserved for your project and you will be invited to submit an Application for Funding. Upon receipt of the invitation to submit an application, contact the Program to confirm that you will be preparing an Application.

Step 3: Submit an Application

Complete the Application prior to your submission deadline. Ensure that all information is complete and accurate. The Application and instructions will be available from the Program website. Contact the Program if you need assistance in preparing your Application.

Step 4: Receive Application Approval or Rejection

You will be notified by letter when your Application has been approved. Following approval, you will enter into a Funding Agreement with the Program. Every effort will be made to assist each applicant in completing its Application successfully. However, if the applicant cannot complete the Application by its deadline or decides not to complete its Application, the funding reservation will be cancelled and the invitation to submit an Application will be withdrawn. The applicant will be notified by letter if its invitation to submit an Application is withdrawn.

Step 5: Implement Your Project

Once your Application is approved, you will have the equipment installed on your buses. During implementation, the Program will monitor your progress to ensure that projects are proceeding in a timely manner.

Step 6: Provide Documentation of Project Completion

Provide the agreed-upon documentation to demonstrate that your project has been completed and that all requirements have been met. Arrange for a field visit to verify the installation by the Program if requested.

Step 7: Receive Payment

Following review and approval of the documentation of project completion, you will receive payment as specified in the Funding Agreement.

Step 8: Submit Annual Reports

Submit annually the information required in the Annual Report. Respond to questions from the Program regarding information provided. Arrange for a field visit by the Program when requested.

Contact and Other Relevant Information

For additional information, please visit the Program website at <http://www.cleanbusesforkids.com/>, or contact the Program Administrator, ICF Incorporated, LLC, at:

Clean Buses for Kids School Bus Diesel Retrofit Program
ICF Incorporated LLC
9300 Lee Highway
Fairfax, VA 22031
Phone: 703-934-3040
E-mail: info@cleanbusesforkids.com

Appendix A: List of Non-Attainment Areas

The list of non-attainment areas is available in the electronic version of the Program Description, available for download from the Clean Buses for Kids Web site: www.cleanbusesforkids.com.