

CALIFORNIA AIR RESOURCES BOARD

NOTICE OF PUBLIC MEETING TO CONSIDER PROPOSED REVISIONS TO THE LOWER-EMISSION SCHOOL BUS PROGRAM GUIDELINES AND THE ALLOCATION OF 2005 - 2006 FISCAL YEAR STATE BUDGET FUNDS FOR THE LOWER-EMISSION SCHOOL BUS PROGRAM

The Air Resources Board (the Board or ARB) will conduct a public meeting at the time and place noted below to consider the approval of staff's proposed revisions to the Lower-Emission School Bus Program Guidelines (Guidelines). The revised Guidelines are protocols that will be used by the California Energy Commission (CEC) and local air pollution control and air quality management districts in implementing the program with 2005 – 2006 fiscal year State budget funds. The revised Guidelines also provide the protocols applicable to other funds for lower-emission school bus projects, such as Assembly Bill 923 funds or other local air district funds. In addition, staff has included a legislatively-directed allocation methodology for the disbursement of the 2005 – 2006 fiscal year State funds, which requires replacement of pre-1977 model year buses, in order of oldest bus first. This funding allocation methodology differs from that used previously in the program.

DATE: February 23, 2006

TIME: 9:00 a.m.

PLACE: Cal/EPA Headquarters Building
Byron Sher Auditorium, Second Floor
1001 "I" Street
Sacramento, California 95814

This item will be considered at a one-day meeting of the Board, which will commence at 9:00 a.m., February 23, 2006. The agenda for the meeting will be available at least 10 days before February 23, 2006.

If you have a disability-related accommodation need, please go to <http://www.arb.ca.gov/html/ada/ada.htm> for assistance or contact the ADA Coordinator at (916) 323-4916. If you are a person who needs assistance in a language other than English, please go to <http://inside.arb.ca.gov/as/eo/languageaccess.htm> or contact the Bilingual Coordinator at (916) 324-5049. TTY/TDD/Speech-to-Speech users may dial 7-1-1 for the California Relay Service.

BACKGROUND

Program History: The Lower-Emission School Bus Program is a grant program administered by the ARB that provides funds to purchase new buses for California's

public schools, and to retrofit in-use diesel buses with emission control devices to reduce their toxic particulate matter (PM) emissions. The primary goal of the Lower-Emission School Bus Program is to reduce the exposure of school children to both cancer-causing and smog-forming pollution. The program does not impose any regulatory requirements on school districts and their participation in the program is voluntary.

The Lower-Emission School Bus Program was established in the 2000 – 2001 fiscal year with an initial allocation of \$50 million through the State budget process. To expend those funds, the Board approved the first Lower-Emission School Bus Program Guidelines in December 2000. The ARB issued subsequent Guideline updates in May 2003 and June 2004 to incorporate necessary administrative and technical modifications. The original Guidelines approved in 2000 and subsequent updates are available at the ARB's internet site at <http://www.arb.ca.gov/msprog/schoolbus/schoolbus.htm>. Since 2000, a total of nearly \$76 million in State funding has been used to replace over 500 pre-1987 model year buses and to retrofit about 3,000 in-use diesel buses with PM-reducing emission control devices.

The State Legislature has appropriated \$25 million to continue the Lower-Emission School Bus Program for the 2005 - 2006 fiscal year. In doing so, the Legislature appropriated half of the funding for the replacement of pre-1977 model year school buses and half for the retrofit of in-use diesel school buses. Staff estimates that with the 2005 - 2006 fiscal year State budget funds, approximately 90 pre-1977 model year buses can be replaced with new, lower-emitting models meeting the latest federal motor vehicle safety standards, and nearly 1,000 in-use diesel buses can be retrofitted with ARB-verified diesel emission control devices.

Staff has developed the proposed Guideline revisions in cooperation with California public school districts, the CEC, the California Department of Education, the California Highway Patrol (CHP), air pollution control and air quality management districts, and other interested stakeholders. Staff conducted a public workshop on October 14, 2005, to present concepts for the proposed Guideline revisions and the proposed funding allocation methodology for disbursement of the 2005 – 2006 fiscal year State budget funds. Environmental organizations, engine and retrofit device manufacturers, school bus vendors, school transportation officials, and other stakeholders provided valuable input at the workshop, through comment letters, phone calls, and via email. The ARB is committed to continue working with all affected stakeholders to ensure that the program is effectively implemented.

Budget Language for the 2005 – 2006 Fiscal Year Lower-Emission School Bus Program Funds: The 2005 – 2006 fiscal year State budget language appropriating Lower-Emission School Bus Program funds states that the new school bus purchase funds shall be used to replace pre-1977 model year school buses with new buses that comply with the most recent federal motor vehicle safety standards and that have been certified by the ARB to meet the lowest achievable emission levels irrespective of the

fuel stock. Regarding the retrofit portion of the funds, the budget language requires the ARB to fund retrofit technologies that: “(a) have at least a level 3 verification from the Board; (b) apply to the broadest range of year, make, and model of school bus diesel engine; (c) operate on CARB diesel fuel or ultra-low sulfur diesel fuel; (d) operate across the broadest range of school bus operating conditions and duty cycles; and (e) produce the lowest possible NO₂ across the device.” (Senate Bill 77, Stats. 2005, Ch. 38)

Need for the Program: The Lower-Emission School Bus Program has focused on replacing pre-1987 model year buses because they emit high levels of oxides of nitrogen (NO_x) and PM, both of which cause harmful health effects. Targeting funds to replace pre-1977 model year buses is a priority because these older buses are not only high-emitters, but also are not subject to federal motor vehicle safety standards for school buses that first took effect in April 1977.

Health studies have shown children are more susceptible to adverse health effects from air pollution. The ARB is particularly concerned about children’s exposure to diesel related-pollutants during school bus commutes. The Children’s School Bus Exposure Study, sponsored by ARB in 2003, showed that children’s primary exposure to diesel pollutants from school buses occurs while they are riding the bus. The study showed that self-pollution from the bus’s own exhaust has a significant impact on exposure, especially when the bus windows are closed. Both compressed natural gas-fueled school buses and the diesel-fueled buses equipped with diesel particulate filters showed on-board concentrations of pollutants that were significantly lower than those measured on conventional diesel buses.

Particulate matter has been linked to a range of serious health problems. Particles are deposited deep in the lungs and can result in increased hospital admissions and emergency room visits; increased respiratory symptoms and disease; decreased lung function, particularly in children and individuals with asthma; alterations in lung tissue and respiratory tract defense mechanisms; cancer and premature death. In August 1998, the ARB governing board identified PM emissions from diesel-fueled engines as a toxic air contaminant. Children, with their growing lungs and faster respiratory rates, are even more susceptible. Diesel-powered vehicles operating in heavily congested urban areas cause direct exposure of the public to toxic diesel particulates.

NO_x emissions are an ozone precursor, and react with volatile organic compounds in the atmosphere to form photochemical smog. The adverse health effects associated with exposure to elevated ozone levels include aggravation of asthma, breathing and respiratory problems, loss of lung functions, and possible damage to lung tissue. It is the ARB’s goal to protect public health by reducing exposure to both diesel PM and ozone precursor emissions.

PROPOSED FUNDING ALLOCATION FOR 2005 – 2006 FISCAL YEAR STATE BUDGET FUNDS

A letter dated October 11, 2005, from a group of 27 Legislators representing a cross section of regional and political interests directs the staff to use the \$12.5 million in new school bus purchase funds to replace the oldest of the pre-1977 model year buses first throughout California. This letter clarifies the legislative intent of the 2005 – 2006 fiscal year State budget language affecting Lower-Emission School Bus Program funds. Therefore, staff is proposing to allocate the \$12.5 million in new bus purchase funds to replace the oldest school buses in California, oldest bus first. Based on data from the CHP school bus safety certification program, as updated by ARB staff calls to school districts, the staff has confirmed the public school districts throughout California with the oldest buses. The new bus purchase funds would be used by the CEC and local air districts to replace specific pre-1977 model year buses in identified fleets.

The staff proposes that the \$12.5 million in retrofit funds be disbursed to participating air districts on a per capita basis; this is the same funding methodology used for the disbursement of previous years' retrofit funds. Under the staff's proposal, all local air districts in California will have the opportunity to apply for school bus retrofit funds and the air districts will continue direct implementation of the retrofit program in their respective regions for school districts and private transportation providers under contract to school districts.

PROPOSED GUIDELINE REVISIONS

The proposed Guideline revisions include new program protocols specific to the 2005 - 2006 fiscal year State budget funds. Additionally, the proposed Guidelines include modifications generally applicable to other sources of funds (i.e., local district funds) that are available for lower-emission school bus projects. One new source of funding is provided through Assembly Bill 923 (Stats. 2004, Ch. 707). This legislation provides a mechanism for air districts to increase the motor vehicle registration fee surcharge by two dollars, which may be used for new school bus purchases. When used for new school bus purchases, AB 923 specifies that the funds must be used pursuant to the Lower-Emission School Bus Program Guidelines. For other sources of local funding dedicated to lower-emission school bus projects, the ARB encourages air districts to follow the protocols set forth in the proposed Guideline revisions.

The proposed Guideline revisions specific to the 2005 - 2006 fiscal year State budget funds are summarized below:

- Replacement of pre-1977 buses exclusively
- Replacement of buses in the order of oldest bus replaced first

- Retrofit funding exclusively for devices obtaining the highest percent reductions (referred to as Level 3), with a priority on funding devices that produce the lowest NO₂ emissions across the device
- New program timetable

The proposed general Guideline revisions applicable to all funds (State budget funds, AB 923 funds, and other local funds) are:

- Waive required school district match for new bus funding
- Eliminate, as a goal or requirement, that a specified percentage of the replacement buses must be alternative-fueled, subject to local air district rules
- Add requirement for CHP inspection after retrofit and prior to return to service
- Allow funding to be used for required maintenance of diesel particulate filters
- Allow funding to be used for data logging of each bus to be retrofit
- Add provision for use of certain local air district funds to be used for fuel tank replacement for in-use compressed natural gas-fueled buses

AVAILABILITY OF DOCUMENTS

The ARB staff will present the proposed revisions to the Lower-Emission School Bus Program Guidelines and the proposed allocation of the 2005 – 2006 fiscal year State budget funds to the Board for consideration at the February 23, 2006, Board meeting. Copies of the proposed Guidelines and staff report, including a discussion of the environmental impacts of the proposal, may be obtained from the Board's Public Information Office, 1001 "I" Street, 1st Floor, Environmental Services Center, Sacramento, CA 95814, (916) 322-2990, prior to the scheduled meeting. These documents may also be obtained from ARB's internet site at <http://www.arb.ca.gov/msprog/schoolbus/schoolbus.htm>.

SUBMITTAL OF PUBLIC COMMENTS AND AGENCY CONTACT PERSON

Interested members of the public may present comments orally or in writing at the meeting, and in writing or by e-mail before the meeting. To be considered by the Board, written submissions not physically submitted at the meeting must be received no later than 12:00 noon, February 22, 2006, and addressed to the following:

Postal mail is to be sent to:

Clerk of the Board
 Air Resources Board
 1001 "I" Street, 23rd Floor
 Sacramento, California 95814

Electronic mail is to be sent to schoolbus06@listserv.arb.ca.gov and received at the ARB no later than 12:00 noon, February 22, 2006.

Facsimile submissions are to be transmitted to the Clerk of the Board at (916) 322-3928 and received at the ARB no later than 12:00 noon February 22, 2006.

The Board encourages members of the public to bring to the attention of staff in advance of the meeting any suggestions or comments. The Board requests, but does not require, 30 copies of any written submission. Also, the ARB requests that written and e-mail statements be filed at least 10 days prior to the meeting so that ARB staff and Board members have time to fully consider each comment. Further inquiries regarding this matter should be directed Ms. Cherie Rainforth, Air Resources Engineer, at (916) 323-2507.

CALIFORNIA AIR RESOURCES BOARD

/s/

Catherine Witherspoon
Executive Officer

Date: January 24, 2006

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our Web-site at www.arb.ca.gov.