



SAN JOAQUIN VALLEY AIR POLLUTION CONTROL DISTRICT

ZERO-EMISSION SCHOOL BUS REPLACEMENT INCENTIVE PROGRAM

Program Guidelines

The San Joaquin Valley Air Pollution Control District (District) is currently accepting applications to replace yellow school buses that transport public school children to and from school with all electric school buses according to the terms and conditions described in these guidelines. Eligible applicants include public school districts, Joint Power Authorities (JPA), and privately owned yellow school buses that have contracts with public school districts to provide transportation services for public school children. Applicants must serve school districts located within (or provide service to) a designated disadvantaged community or low income community within the District boundaries. The goal of this program is to reduce emissions from school buses that operate within the District boundaries (see last page for map). For additional information, assistance or to receive program materials, please contact:

San Joaquin Valley Air Pollution Control District
Grants and Incentives Department
1990 East Gettysburg Avenue
Fresno, CA 93726-0244

You may also contact us by phone, e-mail, or visit our website at:

(559) 230-5800
grants@valleyair.org
www.valleyair.org/grants

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I. PROGRAM OVERVIEW REQUIREMENTS

A. General Information and Eligibility Criteria:

1. Buses must be yellow school buses that are used to transport public school children to and from school to be eligible for replacement.
2. The maximum eligible incentive amount is calculated up to the cost-effectiveness limit and may not necessarily reflect the maximum funding amount of \$400,000.
3. Eligible incentive amounts may be reduced after the claim for payment has been finalized, depending on all eligible items invoiced.
4. Maximum of ten (10) school buses per entity.
5. Submission of a program application does not guarantee funding.
6. No public monies are allowed for the support of any sectarian or denominational school, or any school not under the exclusive control of the officers of the public schools. (Cal. Const. Art. 16 § 5 and Art. 9 § 8).
7. Private transportation providers that own school buses and contract with public school districts to provide transportation services for public school children are eligible for Community Air Protection funds (CAP).
8. In recognition of the difficulties faced by many school districts in replacing their oldest school buses, applicants may substitute the average annual mileage (based on the minimum of two 12-month periods of the school bus fleet's average California usage during the previous 24 months) of their school bus fleet in place of the historical usage of the individual school bus to be replaced.
 - a. Only yellow school buses with a gross vehicle weight rating greater than 14,000 pounds that are utilized to transport students to and from school will be included in the average usage value.
9. Applicants must serve school districts located within (or provide service to) a designated disadvantaged community or low-income community within the District boundaries, as defined by SB 535.

II. APPLICANT REQUIREMENTS

A. The applicant must meet the following eligibility requirements:

1. Have owned the current bus for, at minimum, the past 24 months.
2. Submit a completed application to the District.
3. Not purchase, make down payments, or take possession of the replacement bus under funding consideration prior to the issuance of a signed, executed contract from the District—doing so will render a project ineligible.
4. Be currently in compliance with the applicable California Air Resources Board's (CARB) Truck Regulations and in TRUCRS, and in compliance with all local, state, and federal regulations.

- a. Before contract execution, applicants will be pre-screened for regulatory compliance, outstanding violations, open cases, and previous project funding by both CARB and the District.
5. Remain the owner of the replacement bus for the life of the project.
6. List the District as co-lien holder on the title of the funded bus for the term of the agreement. Applicant must submit a completed Uniform Commercial Code-1 Financing Statement Form to the California Secretary of State, with a copy sent to the District, within 30 days of the purchase of the new bus. The financing statement must have the "San Joaquin Valley APCD" listed as the secured party and the bus should be listed as collateral. More information can be found at <https://bizfileonline.sos.ca.gov/forms/ucc>
 - a. Any change of ownership, change in registration status, or change of mailing address during the contract term must be reported to the District within ten (10) business days.
 - b. If, during the life of the project, the bus needs to be sold, the District must approve the bus ownership change **prior** to its sale. The new owner of the bus must be willing to assume the Program obligations with the District and comply with the terms and conditions outlined in the Program Guidelines.
 - c. Alternatively, the applicant may return funds according to the following prorated formula:

Recapture Amount (\$) =

$$Funding Amount(\$) - \frac{Elapsed Portion of Project Life(Yrs) * Funding Amount(\$)}{Project Life(Yrs)}$$

7. Maintain replacement value insurance for the replacement bus through the full project life.
8. Vendor warranty must provide protection for a minimum of 60 months or 75,000 miles, whichever comes first, and provide full warranty coverage of, at a minimum, zero-emission or all-electric motor, drive train, batteries/energy storage system(s), parts and labor commencing on the day the new bus is purchased as indicated on the final invoice submitted for reimbursement.
9. Submit annual reports to the District through the full project life as well as comply with recordkeeping and audit requirements.
 - a. Current bus registration and insurance documentation must be kept and submitted with the annual reports each year.
10. This program requires the current (old) bus to be destroyed. Applicant must surrender the current bus to a District approved dismantler for scrapping. See Section VIII of these guidelines for a description of the Dismantler requirements and approved method of destruction.
 - a. The bus must be delivered to the dismantler in operating condition.
11. Agree to allow the District or its representative(s) to inspect the replacement bus upon request any time for the duration of the project life.
12. Properly maintain the replacement bus in good operating condition and according to manufacturer's recommendations.

13. Certify that there are no outstanding CARB violations for equipment associated with the bus on the application.

III. GENERAL INFORMATION

A. Fleet Compliance:

1. Before contract execution, applicants will be pre-screened for regulatory compliance, outstanding violations, open cases, and previous project funding.
2. The fleet must currently be in compliance with the applicable CARB Statewide Truck and Bus Regulation.
 - a. For more information about truck regulations, visit <http://www.arb.ca.gov/msprog/truckstop/truckstop.htm>
3. The bus owner will report in TRUCRS buses subject to the Statewide Truck and Bus Regulation. The bus owner must also provide the District with the following:
 - a. A copy of the TRUCRS Fleet List located on the Vehicle Info tab showing the compliance option each bus in the fleet is using, and
 - b. TRUCRS can be found at: https://ssl.arb.ca.gov/trucrs_reporting/login.php
4. Bus owners must be compliant with all federal, State, and local air quality rules and regulations including the Periodic Smoke Inspection Program (PSIP).
5. School buses subject to the Truck and Bus Regulation are only eligible if they meet one of the following requirements:
 - a. The current school bus must have an OEM diesel particulate filter (DPF) installed.
 - b. The current school bus must be retrofitted with a DPF that reduces diesel PM emissions by at least 85 percent.
 - c. The current school bus must be reported in TRUCRS under the Low-Use exemption.

B. Fuel: The current school bus must currently operate on diesel fuel.

C. Model Year: The current school bus may be powered by an engine of any model year.

D. Fleet Size: All fleet sizes are eligible for funding.

E. Weight Class: Replacement school bus may be in a different weight class than the current school bus, provided the following:

1. The applicant certifies that the replacement school bus must be in a different weight class to accommodate additional safety or other required operational features not present in the current school bus,
2. The replacement school bus will be capable of performing the same work as the current school bus, and
3. The applicant provides proof that the replacement school bus will perform the same work as the current school bus.

F. CHP Safety Certification:

1. All current school buses must have a current CHP safety certification (CHP Form 292) at the time funding is awarded for the project (i.e., the school bus may not have a lapsed CHP safety certification), and must be currently registered with the Department of Motor Vehicles (DMV).
2. Replacement school bus must also have a current CHP safety certification issued prior to reimbursement.

G. Ownership: The following documentation must be submitted (one bus per application):

1. Copy of title, free of any lien holders, on which the applicant is listed as the registered owner of the current school bus.
 - a. The applicant must have owned and operated the current school bus the previous 24 months.
2. Annual Usage documents:

School buses have the option of using either the actual annual usage of the specific bus being replaced or fleet average:

- a. For specific bus usage: Submit conclusive documentation (logbooks, maintenance records, tax records, etc.) of annual miles traveled covering two 12-month periods of California usage during the previous 30 months. Any gap between the two 12-month periods may be permitted for usage consideration if reasoning and supporting documentation demonstrating the need for the gap are provide for District evaluation.
 - b. If a fleet has reported the current school bus in TRUCRS to comply with State on-road regulation requirements or has records demonstrating compliance under a limited-usage compliance option and the historical usage exceeds the limit, the usage limit for that compliance option must be used to determine the State grant amount instead.
 - c. For fleet average: Annual usage for school bus projects may also be based on the minimum of two 12-month periods of the school bus fleet's average California usage during the previous 24 months. Only school buses with a gross vehicle weight rating greater than 14,000 pounds that are utilized to transport students to and from school will be included in the average usage value. Fleet average can also be used to determine grant amounts for school buses complying with the Truck and Bus Regulation via the low-use exemption may still be based on the fleet average usage.
3. Proof of insurance for the past 24 months.
 4. Current California DMV Registration for the past 24 months.

H. Operational or Roadworthy Condition: The current school bus must be in operational or roadworthy condition, as determined through a CHP 292 Safety Certificate and inspection by District staff. Non-operational buses are not eligible for this program.

I. Operation of Current School Bus after Approval: If the current school bus is in an accident or has an engine failure after receiving approval from the District but prior to replacement, then the current school bus will still be eligible for receiving funds from the program as long as all other on-road requirements have been met.

- J. **Dealer Information:** Applicants must provide the full contact information of the seller/dealer of the replacement bus.
- K. **Co-Funding:** If the project is co-funded with other State funds, the funding cap represents the maximum amount of funds from all State sources that can be applied to the project. Federal, local, or other non-State grant funds can be used in addition to the funding caps if the criteria for co-funded projects in CARB Carl Moyer programs are satisfied. All funding sources must be disclosed prior to reimbursements.
- L. **Expenses Eligible for Funding:** Funding can only be used to pay for items essential to the operation of the bus.

IV. NEW ZERO-EMISSION BUS REQUIREMENTS

- A. Must be a new, zero-emission battery electric school bus or other certified/verified zero-emission technology.
- B. Have a GVWR rated at 14,001 pounds or greater.
- C. Must have CARB-issued Executive Order confirming the bus does not emit any vehicle exhaust emissions or fuel-based evaporative emissions.
- D. Electric buses must demonstrate a range of at least 35 miles. Those with fast charge capability must demonstrate a range of at least 20 miles.
- E. The replacement bus horsepower must be no more than 25 percent greater than the current engine horsepower. In limited situations, the District may approve a greater than 25 percent increase in horsepower.
- F. The replacement bus must have the same axle and body configuration as the current school bus. The District may allow slight changes based on the latest technology.
- G. The replacement bus must be new as defined by the DMV and have a clean title prior to purchase. The replacement bus must not have a salvage title and must not have been in an accident, repaired, and became available for resale.
- H. Operate one hundred percent (100%) in California and at least seventy-five percent (75%) operation within the District boundaries during the project life.
- I. Continue to serve school districts located within (or provide service to) a designated disadvantaged community or low-income community within the District boundaries, as defined by SB 535.
- J. Commit to being registered with the DMV within the District boundaries during the project life.
- K. The applicant must maintain insurance coverage for the replacement bus as required by law for the duration of the project life. The applicant is encouraged to have replacement value insurance coverage to ensure complete repair or replacement in the event of major damage to the bus.
- L. The vendor warranty must provide protection for a minimum of 60 months or 75,000 miles, whichever comes first, and provide full warranty coverage of, at a minimum, zero-emission or all-electric motor, drive train, batteries/energy storage system(s), parts and labor. Warranties must be fully transferrable to subsequent school bus purchasers for the full warranty coverage period. Warranties must cover the following for the full warranty period (unless otherwise denoted):

1. Extended Motor, Drivetrain (including Battery), and Zero-Emission Components: Provide warranty coverage against defects in material and workmanship for the motor, transmission, rear axle, and electric or zero-emission system components including the battery. Gaskets and seals are not required to be included under the warranty coverage.
 2. Frame Rails, Cross Members, and Cab: For new school buses, coverage extends to structural cracks in the frame caused by defects in material workmanship and against corrosion perforation of the cab.
 3. Battery Degradation Warranty: Provide warranty coverage against battery degradation below 80 percent of capacity.
 4. No Moyer Program funds will be issued for the maintenance or repairs related to the operation of the bus. The applicant takes sole responsibility for ensuring that the bus is in operational condition throughout the agreement period.
- M. Engine and Emission controls on replacement bus cannot be modified as permitted by law.

V. PROCESS OVERVIEW

- A. All applications received will be subject to a review process, which will include the following:
 1. Verification of the school bus owner's eligibility to participate in the Program.
 2. Verification that the proposed project is consistent with these Program Guidelines.
- B. If the application is incomplete, a letter and/or an email will be sent to the applicant indicating the reason(s).
- C. If the application is ineligible, it will be canceled and a letter will be sent to the applicant indicating the reason(s).
- D. When the application has been deemed complete, the current school bus will be inspected by District staff (see section VII for more details).
- E. Contracts will be issued on a first come, first served basis, based on the submittal of a complete application until program funds are exhausted.
 1. Applicant must not purchase, make down payments, or take possession of the replacement bus under funding consideration prior to the issuance of a signed, executed contract from the District—doing so will render a project ineligible.
- F. Upon completion of the project, applicant shall submit a completed Claim for Payment Packet. Payments from the District shall be made directly to the applicant named on the contract upon confirmation of a completed Claim for Payment packet and after all inspections have been completed.
 1. Post-inspection: District will verify via inspection that the replacement bus meets emission standard and other requirements of the replacement bus.
 2. Dismantle inspection: Verify engine destruction, verify that frame rails are completely severed, and obtain copy of REG 42 form filed with DMV. This inspection is done after engine and frame rail destruction and within 60 days after dismantler receipt. If dismantler takes the photos, they must be provided to the District within 10 business days of dismantling.

- G. Projects that are awarded a contract will be subject to a **project life** up to ten (10) years commencing on the day the replacement bus is purchased, as indicated on the dealership's final sales invoice.
1. Applicants will be required to submit annual reports to the District for the life of the project. Annual reports will be provided by the District and mailed to applicants annually approximately one year from the date of the final sales invoice.
 - a. Proof of registration and proof of insurance must be submitted along with the annual report.
 2. Applicants shall report if the replacement bus is in an accident or is stolen within ten (10) business days. A police report, a letter from the insurance company regarding the accident or theft, and other information requested by the District shall be submitted to the District. The applicant must repair the bus and return it to operation, if possible. If the bus is totaled, the applicant and the District must come to an agreement regarding any requirements that still need to be met.

VI. GENERAL

- A. Remedies for project non-performance may include, but are not limited to, the following:
1. Recovery of all or a portion of the Program funds.
 2. Other fiscal penalties on the Applicant based on the severity of non-performance.
 3. Cancellation of the contract.
 4. Prohibiting the school bus owner from participating in future District incentive programs.
 5. Prohibiting a specific school bus from participating in other District incentive programs.

VII. APPLICATION PROCEDURE

A. Completing an Application

The application must be **filled out completely and as accurately as possible and signed**. Do not leave any fields blank, as it lengthens the processing timeframe associated with the application and delays funding.

A copy of the following items must accompany the application at the time of submittal in order for the application to be deemed complete:

1. Internal Revenue Service (IRS) Request for Taxpayer Identification Number and Certification Form W-9 (Form W-9).
 - a. The **information entered into Section 1 of the application must be identical to the information on Form W-9**, as this information will be used to generate all binding documents and be used to report incentive funding to the IRS.
 - b. A copy of the IRS Form W-9 can be downloaded at www.irs.gov or by calling 1-800-829-3676.

2. Compliance verification.
 - a. A copy of the TRUCRS Fleet List located on the Vehicle Info tab showing the compliance option each vehicle in the fleet is using.
3. Copy of the current bus title.
 - a. The title must be clear of any lien holders.
 - b. Applicant must have owned and operated the bus throughout the previous 24 months.
4. Copy of the current bus DMV Registration for the past 24 months.
5. Copy of the current CHP safety certification (CHP Form 292).
6. Copy of proof of insurance for the past 24 months that is specific to the current bus.
7. Proof of annual mileage for the past 24 months specific to the bus on the application OR for the fleet average.
 - a. Acceptable forms of usage documentation can include, but are not limited to, maintenance records showing the date and odometer reading, CHP inspection forms with date and odometer reading.
8. Required digital photographs of the current bus as listed on the Application Packet Checklist.
 - a. Physical inspection and photographs may also be completed by the District. Self-inspection of the current school bus by a public agency may be allowed.

B. Self-inspections

In lieu of a District conducted inspection of the current school bus, public agencies (e.g., joint power authority or school districts) may provide the following documentation of the bus and engine:

1. **Pre-Inspection:**
 - a. Public agencies may complete the appropriate pre-inspection and take the required digital photos of the current bus **prior** to submitting the application to the District.
 - o A list of required photos is located on the Application Packet Checklist.
 - o All required photos must be legible and submitted in a digital format.
 - b. Any items that will be retained by the applicant should be submitted in writing to the District for District approval.
 - c. Non-operational buses are not eligible for program participation.

VIII. DISMANTLING REQUIREMENTS

The Program requires the current bus to be permanently destroyed. Destruction of the current bus's chassis and engine permanently removes the old, high-emitting bus from operation. This requirement has been established to ensure that emission reductions are real. It prevents the current bus from being moved into another locale to continue emitting high levels of pollutants. A list of participating dismantlers can be

found at <https://ww2.valleyair.org/grants/zero-emission-school-bus-replacement-incentive-program/> that current buses can be delivered to for destruction.

Applicant must ensure delivery of the current school bus to a qualified dismantler within 60 calendar days of receipt or delivery of the replacement bus. The participating dismantler may also pick up the current school bus. If there is a delay in destruction of the current school bus, the applicant must send written notification and reasoning for the delay from the dismantler to the District and ensure the bus is dismantled as soon as is feasible.

A. Dismantler Eligibility To participate in the Program, dismantlers must:

1. Dismantler is required to enter into an agreement with the District in order to participate in the Program.
2. Have at least one active employee who received training by the District on the requirements of the Moyer Program. If a dismantler has more than one location, then the dismantler must have at least one active employee training by the District at each location that will be accepting buses for the Moyer program. If a dismantler is participating within the Program, the dismantler must work with the District to understand and meet the requirements of the Program.
3. Be licensed by the DMV as a dismantler for at least the previous two years.
4. Have had a valid business license issued in California for a minimum of the last two years.
5. Possess a current, valid California Environmental Protection Agency Hazardous Materials Generators Permit.
6. Be in compliance with all local, State, and federal laws and regulations.

B. Performance

The Dismantler must agree to perform the following dismantling requirements in coordination with a District inspector:

1. If upon receipt, the current school bus is deemed unroadworthy or if parts were stripped, the dismantler must reject the current school bus. Excepted from rejection are cases when parts removed are essential to vocation that will be installed on the replacement bus.
2. Destroy the current bus within 60 days of receipt of the new bus. If there is a delay in destruction, the dismantler must request and receive an extension in writing from the District.
3. Completely sever both the frame rails between the front and rear axles.
4. If the bus is to be scrapped, the dismantler must completely sever the frame rails of the current school bus so that the frame is no longer capable of being used in a bus.
5. Destroy and render useless the current school bus's engine.
 - a. A minimum 3-inch diameter at the narrowest point of the hole must be punched into the engine block. The hole must be irregularly shaped. A section of the oil pan flange must be removed as part of the hole or have a line cut through it that connects to the hole.
6. Not destroy any identifying numbers on the bus and/or its engine such as the Vehicle Identification Numbers (VIN) or engine serial numbers.

- a. If the bus VIN or engine serial number cannot be located, the bus must not be scrapped or destroyed until notification is made to District staff for assessment.
7. The Dismantler may not use or permit the use of the current bus, except use as necessary to move it for destruction or storage.
8. Notify the District prior to destruction that the current bus has been received and is ready for inspection. After inspection and required photos have been taken of the current school bus, Dismantler must submit District's Notice of Destruction Form within 10 days. Additional copies of the Form can be obtained by calling program staff at (559) 230-5800 or online at <https://ww2.valleyair.org/grants/zero-emission-school-bus-replacement-incentive-program/>
9. District staff must take photographs of the destroyed engine and severed frame rails. The following pictures must be taken:
 - a. Front, right, and left side of bus with hood down including license plate if available.
 - b. VIN tag.
 - c. Engine serial number either stamped on the block or on the tag.
 - d. Left and right side of the destroyed engine block either in-frame or out of frame.
 - e. Hole in engine block.
 - f. Completely severed frame rails.
 - g. Odometer reading.
10. Allow the destruction of the engine and current bus to be documented by the District.
 - a. The District must verify in-person the proper destruction of the current bus and its engine. District staff must also verify the current bus's VIN and engine serial number.
 - b. The Dismantler must not remove the current bus from their property, or part out a current bus, until a post-destruction-inspection by the District has been performed and the Dismantler has been given approval by the District.
11. Prepare and submit to DMV either a "Non-Repairable Vehicle Certificate" using an "Application for Salvage Certificate or Non-Repairable Vehicle Certificate" (REG 488C), or a Notice of Acquisition/Report of Vehicle to be Dismantled (REG 42). Within 90 calendar days of the dismantle inspection date, the dismantler must provide verification to the District that the exiting bus has been registered with DMV as non-revivable with a type transaction code (TTC) L10 or C26 on the DMV Reconciliation transaction receipt or other DMV documentation that satisfies this requirement.
12. Dismantler Inspection: Once the District is notified, a dismantler inspection will be scheduled and photos documenting the destruction of the engine will be taken in accordance with the Guidelines. The dismantler shall not move the bus off of their property or part out a bus until a dismantler inspection by the District or a designated contractor has been performed and given approval by the District. If applicable, the dismantle inspection may be performed using an approved remote inspection protocol.

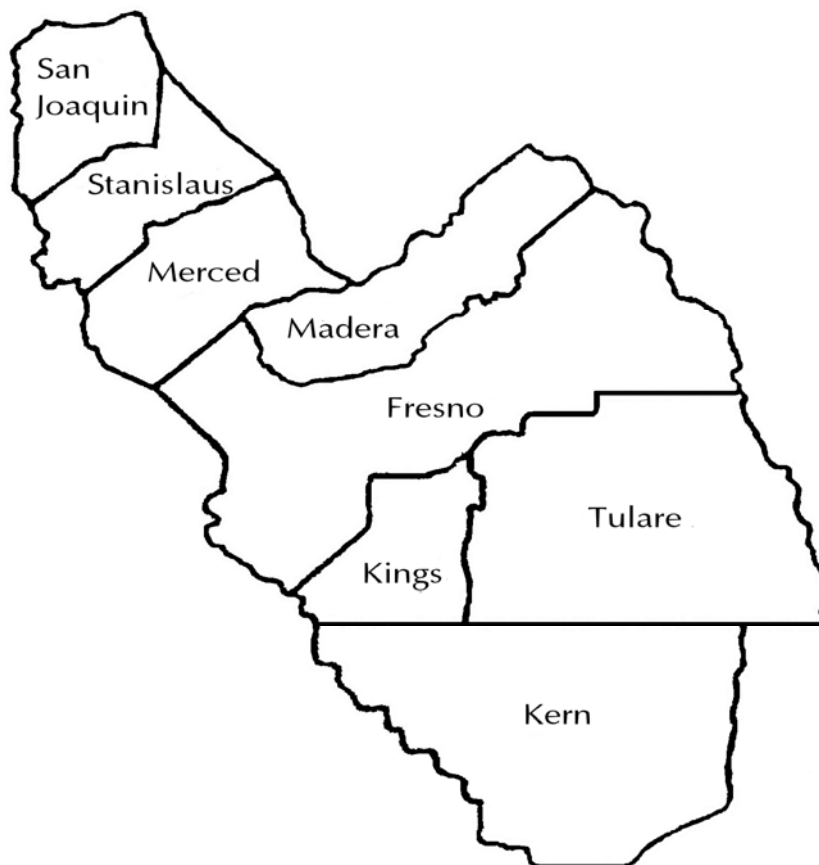
IX. APPLICANT RESOURCES

WEB Resources

When preparing an application, we ask Applicants to utilize the information presented within the links on this page. By submitting complete application packets with accurate information, we can reduce the amount of time and resources necessary to process your application.

The Applicant Resource Web Page can be found at <https://ww2.valleyair.org/grants/zero-emission-school-bus-replacement-incentive-program/>

X. MAP OF DISTRICT BOUNDARIES



The Zero-Emission School Bus Replacement Incentive Program is part of [California Climate Investments](#), a statewide initiative that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas emissions, strengthening the economy, and improving public health and the environment — particularly in disadvantaged communities.