

Mobile Sources Technical Review Subcommittee Clean School Bus Subgroup Meeting Notes

March 8, 2005
Washington, DC

Purpose

The Clean School Bus USA subgroup met to discuss the progress and direction of the Clean School Bus program. The group also discussed the budget for FY 2006, the grant application process for FY 2005 and tax incentives for private fleets.

Introduction

Jennifer Keller (EPA, co-chair) opened the meeting (co-chair Charles Gauthier was out of town and could not attend). She is the Program Manager for Clean School Bus USA. After a reorganization of EPA programs, Clean School Bus USA now falls under the umbrella of the National Clean Diesel Campaign (NCDC) at EPA.

Clean School Bus USA held a national meeting in Cincinnati, OH on November 1, 2004. Around 150 people participated in 4 hours of presentations and discussion.

The group discussed subgroup membership. A participant list was prepared and distributed. Stakeholders are encouraged to communicate their perspectives on clean school bus issues to the subgroup through its members. If stakeholders feel that their views are not represented, then they can contact Gay MacGregor of EPA to discuss becoming a formal member of the sub-group.

School Bus Retrofit Funding Letter

The group talked about a letter sent to EPA about school bus retrofit and replacement funding by the FACA sub-group. UCS drafted the letter and distributed it to the Mobile Sources Technical Review Subcommittee (MSTRS) as recommended by Steve Flint (NY DEC). EPA was also CCed.

Paul Kerkoven (Natural Gas Vehicle Coalition) talked about the compromises made to get the letter through. Jennifer Keller thanked UCS for bringing the letter to fruition. Patricia Monahan commented that she thought the letter's format should have been less formal. Jim Blubaugh requested a copy be sent to him in the future. Richard Gibbs (NY DEC) commented on the reporting format of the subgroup, and asked if normal channels were followed in submitting the letter. In the past, the format was as follows: the subgroup reports to the Retrofit Workgroup, who reports to the Subcommittee (MSTRS in this case).

The letter focused on funding for retrofits vs. replacements of the oldest and dirtiest engines. There was a comment that some old engines do not meet safety standards. There was an encouragement to increase the use of ultra-low sulfur diesel (ULSD), decrease retirement age, and fund beyond the incremental costs of replacing engines. There was also a call for equal access to grant funds and better program visibility, specifically with some cost benefit analyses.

Participants noted that the Clean School Bus USA EPA web site has room for improvement, especially where replacements are concerned. Participants commented that better criteria needs to be established for distributing funding to replacement programs.

There was a recommendation to retain and use Supplemental Environmental Projects (SEPs). Participants are concerned that funding will decrease substantially once grants for demonstration projects end. Participants want to come together to support Clean School Bus USA as much as possible. State and Federal SEPs have contributed about \$35 million to school bus retrofit programs.

Kevin Brown (Lubrizol) commented that the San Joaquin Valley Air Pollution Control District (SJVAPCD)^a is developing regulations for school bus retrofits and replacements. Funds may be available for purchasing new school buses. He emphasized the need for a goal to replace old buses, rather than the current practice of rebuilding or repowering older buses.

Clean School Bus Budget

Jim Blubaugh discussed the FY 2006 budget for the NCDRC. There is a request for \$15 million for the entire Campaign, and an additional \$10 million for the Clean School Bus USA program. This program is a high priority for Jeff Holmstead.

Mr. Gibbs asked about the total funding goal of the program, and was quoted \$6-9 billion. One participant commented that much of that money should go to replacing 1990 and earlier engines, and retrofitting everything else. There is also a goal to reduce idling overall. The letter (discussed above) calls for a moving timeline for replacing engines; i.e., as engines approach an age older than 15 years, they should be replaced.

Mr. Brown is concerned that folks do not attempt to upgrade school buses as they wait for a total replacement because of costs. He encouraged stakeholders to control emissions as much as possible while they are waiting for replacements. He has received comments that DOC technology only achieves a 20% emission reduction, but 20% on a high emitter is a significant number. Jennifer Kain (Fleetguard) commented that Fleetguard is willing to rally support to help retrofit older buses while they are waiting for replacements.

For the FY 2005 budget, the grant program received authorization in December. The staff is working on developing the format for the Request for Applications (RFA). Feedback and comments are appreciated. The RFA will focus on the following aspects:

- Additional emphasis on replacements
- Full inclusion of private fleets
- Effectiveness of emissions clean-up (e.g., how does your program clean up buses?)
- Simplification of the application process and grant information dissemination

Mr. Gibbs asked if these proposals are fully aimed at sustainability. For example, using USLD should not stop.

The Request for Applications will open in the spring (mid to late April) for 45 to 60 days. A month will be needed for processing, with a plan to award the grants in early fall. Anyone can help write these applications.

Mr. Gibbs commented that many school districts in New York contract out the school buses. He said that school districts may be reluctant to submit applications because of liability issue.

A comment was made that the 2005 money is 2-year money, and will not expire at the end of the fiscal year. If necessary, the grants can be extended, since fleets prefer to upgrade buses in the summer when school is not in session.

A question was asked about allocation of grant funds. Ms. Keller replied that the top award is expected to be \$750,000. There is also no preference for nonattainment areas, as the goal is to retrofit or replace the national fleet.

^a For more information, go to <http://www.valleycleancities.org/index.html>

Tax Incentives

Gabe Rosza (NSTA) commented that there is a provision in tax code for alternative fuel vehicles. Current provisions are tax deductions and accelerated depreciation, which does not help the school bus fleet. School bus stakeholders are looking for a tax credit.

Mr. Kerkhoven commented that in the offroad sector, a coalition has put together a bill for a tax credit of \$2 billion for alternative fuel vehicles, but would also be eligible for hybrid vehicles. If a municipality buys the equipment, the credit goes back to manufacturer because municipalities do not pay taxes. However, school bus contractors are more comfortable with diesel engines.

Ms. Keller commented that there is a need to get information out on reduced idling. She mentioned a options including a Magic School Bus video or one with Bill Nye the Science Guy to raise visibility.

FYI on Clean School Bus Coalition

The Clean School Bus Coalition met on March 7, 2005. The meeting was the best attended to date, and included MECA and member companies, UCS, private contractors, and NRDC. The overall goal of the group is to reduce emissions for sensitive populations.

The coalition discussed cost sharing, and is negotiating to allocate 50% of funds for replacements, and 50% for retrofits. The budget was set at \$300 million for 3 years, but has now been allocated \$55 million per year. Participants commented that access to funds should reflect what the UCS letter requests. Alternative fuel use, including biodiesel and ULSD, still needs to be discussed, but the coalition is working together to achieve their overall goals.

Next Steps

The group will schedule a conference call to discuss technical issues.