

## Houston-Galveston Area Council-AERCO

### Clean Vehicles Partnership

SEP No. 2011-25 – as Amended on 4/16/2021

#### **Project Description:**

Third-Party Administrator shall use SEP Funds to replace old, higher emission buses that do not meet 2010 EPA emissions standards (“Old Buses”) with new, lower emission buses that meet the most recent EPA emissions standards (“New Buses”) or to retrofit or convert Old Buses with emissions reducing equipment. Third-Party Administrator shall allocate SEP Funds to public entities such as school districts, local governments, and public transit authorities (“SEP Recipients”) that apply for replacement, retrofit, or conversion of buses. This may be done exclusively with SEP Funds, or Third-Party Administrator or SEP Recipients may combine SEP Funds with other funds in order to accomplish a replacement, retrofit, or conversion. In determining allocation of SEP Funds, Third-Party Administrator shall give priority to projects resulting in the greatest emissions reductions. Third-Party Administrator shall ensure that SEP Recipients spend SEP Funds appropriately and in a manner consistent with this Agreement.

Third-Party Administrator, at its own expense, shall conduct outreach to potential SEP Recipients to make them aware that there may be funds available through Third-Party Administrator to assist in replacing, retrofitting, or converting older vehicles.

Third-Party Administrator shall ensure that each New Bus purchased has an engine that meets the most recent EPA emissions standards. SEP Funds may also be used for retrofit or conversion technology that brings an Old Bus up to current EPA emissions standards. New Buses may be alternative-fueled. SEP Funds may be used for up to 100% of the replacement, conversion, or retrofit cost. SEP Funds will be used only for purchase of New Buses or conversion or retrofit equipment and contract labor for installation of equipment. SEP Funds will not be used for financing such a purchase through a lease-purchase or similar agreement.

Retrofitting means reducing exhaust emissions to current EPA standards by installing devices that are verified or certified by the EPA or the California Air Resources Board (“CARB”) as proven retrofit technologies. Converting means replacing an engine system with an alternative fuel engine system to bring the Old Bus within the current EPA emissions standards.

Buses to be replaced, retrofitted, or converted must be in regular use (driven at least five hundred miles per year for at least the past two years) by the SEP Recipient and must not already be scheduled for replacement in the following twenty-four months. Third-Party Administrator may not provide SEP Funds to an entity if the SEP Funds will be used to meet a legal requirement to replace, retrofit, or convert a bus.

All replaced buses must be fully decommissioned. Third-Party Administrator shall provide proof of decommissioning to TCEQ for each replaced vehicle by submitting a copy of the TCEQ SEP Vehicle Replacement Disposition Form, attached as Exhibit 3, for each replaced vehicle, along with supporting documentation. For all retrofits, Third-Party Administrator shall provide a completed copy of the TCEQ SEP Vehicle Retrofit Form, attached as Exhibit 4, along with supporting documentation. For all converted buses, Third-Party Administrator shall ensure that the old engine is fully decommissioned and scrapped and shall provide supporting documentation.

Any additional non-SEP funding used towards a replacement, retrofit, or conversion, such as grants, fuel credits, or tax credits, shall be noted in the Quarterly Reports and subtracted from the total amount that is eligible for SEP Funds. If the total of the SEP Funds spent exceeds the final cost after other funding is applied, the SEP Funds Account must be reimbursed for the difference.

Prior to beginning any work on a school bus replacement, retrofit, or conversion project under this SEP, Third-Party Administrator shall coordinate with the TCEQ Clean School Bus Program, so the TCEQ can determine whether there are any existing contractual reporting commitments under the Texas Clean School Bus Program.

The Parties recognize that Third-Party Administrator may have requirements for replacements, retrofits, or conversions in addition to those contained in this Agreement and that Third-Party Administrator's vehicle replacement program may be broader than what is included in this Agreement; however, SEP Funds may only be used as set forth in this Agreement.

**Environmental Benefit:**

This SEP will directly benefit air quality by reducing harmful exhaust emissions that contribute to the formation of ozone and may cause or exacerbate a number of respiratory diseases, including asthma. For example, by replacing a 1989 diesel bus with a 2010 ultra-low emission model, passengers' exposure to NO<sub>x</sub> may be reduced by 98 percent; VOCs by 93 percent; CO by 83 percent; and PM by 99 percent. In addition, by encouraging less bus idling, this SEP contributes to public awareness of air pollution and air quality.

**Eligible Areas and Counties:**

This project may receive contributions from the following:

Angelina, Austin, Brazoria, Chambers, Colorado, Fort Bend, Galveston, Hardin, Harris, Houston, Jasper, Jefferson, Liberty, Matagorda, Montgomery, Nacogdoches, Newton, Orange, Polk, Sabine, San Augustine, San Jacinto, Trinity, Tyler, Walker, Waller, and Wharton Counties

**Minimum Contribution Amount:**

\$500

**Total Project Budget:**

\$5,547,759.97