

Implementation Manual

Appendix G: Zero Emission School Bus & Infrastructure Incentives

Implementation Manual for Zero-Emission School Bus and Infrastructure
(ZESBI) Project Administered by the California Air Resources Board



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Key Terms

Administrator

For the purposes of ZESBI means the entity selected by California Air Resources Board (CARB) via competitive solicitation to administer Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP), including ZESBI.

Applicant

An eligible LEA who has applied for but has not yet been awarded a ZESBI grant.

California Charter School

A California public school providing instruction in grades K-12 created or organized by teachers, parents, community leaders, or a community based organization that is included in the list of public charter schools maintained by the California Department of Education online at:

<https://www.cde.ca.gov/ds/si/cs/>

Clean Truck Check Program

Clean Truck Check (formally known as the heavy-duty vehicle inspection and maintenance regulation) applies to most diesel and alternative fuel heavy-duty vehicles with a Gross Vehicle Weight Rating (GVWR) over 14,000 pounds that operate on California public roads, including school buses.¹ Zero-emission vehicles and gasoline powered vehicles are exempt from Clean Truck Check Requirements. Fleets were required to report vehicles to the [Clean Truck Check Reporting System \(CTC-VIS\)](#) by January 31, 2024, and will be required to submit passing emissions compliance tests with deadlines starting January 1, 2025. Tests may be submitted 90 days before each vehicle's deadline starting in October 2024.

Disadvantaged Community (DAC)

Areas disproportionately affected by environmental pollution and other hazards that can lead to negative public health effects, exposure, or environmental degradation. Areas with concentrations of people that are of low income, high unemployment, low levels of home ownership, high rent burden, or low levels of educational attainment, as defined by CalEPA. Disadvantaged Communities are identified on the California Climate Investments Priority Populations Map.²

Fleet Size

All vehicles with a GVWR greater than 8,500 pounds under common ownership or control, including unregistered and inoperable vehicles. Unredeemed HVIP vouchers count toward this total.

Grantee

An applicant who has been awarded a ZESBI grant.

HVIP Approved Dealer

¹ California Code of Regulations Title 13, Chapter 3.7

² California Climate Investments Priority Populations 2023:

<https://gis.carb.arb.ca.gov/portal/apps/experiencebuilder/experience/?id=6b4b15f8c6514733972cabdda3108348>

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The vendor of the complete vehicle or vendor that sells and installs engines in existing vehicles and includes dealers or manufacturers that sell new medium- or heavy-duty vehicles directly to a vehicle Purchaser.

Local Educational Agency (LEA)

A local educational agency means any of the following:

1. A county office of education (COE) that contracts with a private contractor for the maintenance and operation of its school buses.
2. A School District, County Office of Education, or Charter school, with ownership of title for a school bus or school buses.
 - Excluding a charter school classified as a non-classroom-based charter school as the 2021-22 fiscal year second principal apportionment certification pursuant to Section 47612.5 of the Education Code.
3. A school district or charter school, that contracts with a county office of education or private contractor for the maintenance and operation of its school buses.
 - Excluding a charter school classified as a nonclassroom-based school as of the 2021-22 fiscal year second principal apportionment certification pursuant to Section 47612.5 of the Education Code
4. A joint powers authority (JPA) currently operating home-to-school transportation programs on behalf of school districts, county offices of education, or charter schools.
 - Excluding charter schools classified as a nonclassroom-based charter school as of the 2021-22 fiscal year second principal apportionment certification pursuant to Section 47612.5 of the Education Code.

Low-income Community (LIC)

Census tracts with median household incomes at or below 80 percent of the statewide median income or with median household incomes at or below the threshold designated as low income by the Department of Housing and Community Development's list of state income limits. Low-income Communities are identified on the California Climate Investments Priority Populations Map.³

New Zero-Emission School Bus

The zero-emission school bus described in section 4.3 that is purchased with ZESBI funds.

Old School Bus

An internal combustion engine school bus owned by the local educational agency applying to ZESBI that meets the eligibility requirements of section 4.1, and will be scrapped.

Private School

Any school not under the exclusive control of the officers of the public schools. Per article 9, Section 8 of the California Constitution, no public money shall ever be appropriated to support private schools.

³ California Climate Investments Priority Populations 2023:
<https://gis.carb.arb.ca.gov/portal/apps/experiencebuilder/experience/?id=6b4b15f8c6514733972cabdda3108348>

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Purchaser

An Applicant eligible to move on to Application Part C for the selection of their new zero-emission school bus.

Rural School District

A school district with a school locale code of 31, 32, 33, 41, 42, or 43, as classified by the National Center for Education Statistics (NCES).⁴

Small School District

A school district with fewer than 2,501 units of average daily attendance using the most recently reported annual data in the California Longitudinal Pupil Attendance Data System (CALPADS).

Standard HVIP

The Clean Truck and Bus Voucher Incentive Project, or HVIP, offers point-of-sale discounts on zero-emission truck and bus purchases for commercial fleets. Standard HVIP is the original HVIP program that is open to all vocations and does not require scrappage of an existing vehicle. The funding offered for new zero-emission school buses through the Zero-Emission School Bus and Infrastructure grants is administered as a set-aside within HVIP.

Truck and Bus Regulation

The Truck and Bus Regulation requires heavy-duty diesel vehicles, including school buses, that operate in California to reduce toxic air contaminants emissions from their exhaust. All diesel-fueled school buses with a Gross Vehicle Weight Rating (GVWR) over 14,000 pounds must have a Level 3 particulate matter (PM) filter, the highest level verified retrofit, or an original equipment manufacturer (OEM) PM filter that most commonly comes installed on 2007 model year and newer engines. There is a limited exception for Level 2 PM filters installed before December 31, 2005. School buses operating less than 1,000 miles per calendar year are exempt from the PM filter requirements of the regulation. Reporting is not required for school buses, but recordkeeping is required to demonstrate compliance.⁵

Unduplicated Pupil Count (UPC)

Unduplicated pupils include students who (1) are English learners, or (2) meet income or categorical eligibility requirements for free or reduced-price meals under the National School Lunch Program, or (3) are foster youth. "Unduplicated count" means that each pupil is counted only once even if the pupil meets more than one of these criteria as defined in Section 42238.02 of the Education Code.⁶

1 Introduction

1.1 Background

The Zero-Emission School Bus and Infrastructure (ZESBI) incentive project pairs zero-emission school bus vehicle incentives through the California Air Resources Board (CARB), with charging infrastructure incentives through the California Energy Commission (CEC). A total of \$500 million is

⁴ National Center for Education Statistics 2005-06 PDF: [Common Core of Data \(CCD\) - Local Education Agency \(School District\) Locale Code Files](#)

⁵ California Code of Regulations Title 13, Chapter 1, Section 2025(k)

⁶ California Education Code Section 42238.02 [California Education Code Section 42238.02 - California Attorney Resources - California Laws \(onecle.com\)](#)

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appropriated from Senate Bill (SB) 114 (Committee on Budget and Fiscal Review, Chapter 48, Statutes of 2023) for ZESBI. In Fiscal Year 2023-24, \$375 million is allocated to support purchases of qualifying zero-emission (ZE) school buses and \$125 million is allocated to support infrastructure and associated cost incentives.

1.2 Objectives and Priorities

The ZESBI project provides incentives for LEAs to replace heavy-duty internal combustion engine (ICE) school buses with new zero-emission school buses. Additional incentives are provided for the installation of charging or fueling infrastructure and related activities.

Compared to Standard HVIP, ZESBI requires scrappage of an old ICE school bus, offers higher incentive amounts, and prioritizes Applicants who:

- Serve a high percentage of unduplicated pupils (UPC).
- Operate the oldest internal combustion school buses.
- Are located within small or rural school districts.
- Purchase zero-emission school buses with bi-directional charging.

The policies and requirements in the Standard HVIP Implementation Manual apply to ZESBI incentive funding, however in instances where policies and requirements differ, those outlined in this appendix take precedence for ZESBI.

The policies and requirements for infrastructure and school transportation program incentives administered by CEC are outlined in a separate Implementation Manual.

2 Eligibility

2.1 Eligible Applicants

All Applicants must serve students within the K-12th grade levels.

Eligible entities include:

- California Public School Districts
- California Public Charter Schools*
- California Joint Power Authorities (JPAs)
- California County Offices of Education (COEs)

***Charter schools classified as a non-classroom-based charter school as of FY 2021-22 are not eligible entities.**

***Private Schools are not an eligible entity.**

Public school districts in California that own their own school buses are eligible to participate. This includes public school districts that own their school buses but contract with a County Office of Education or private contractor for maintenance and operations. Where two or more public school districts have formed a Joint Powers Authority (JPA), and the JPA holds ownership of the school

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buses, the JPA is eligible to participate. JPAs may use their highest priority criteria school district to serve as the basis for eligibility. Public charter schools that own their own school buses and County Offices of Education that own their own school buses are also eligible to participate.

3 Incentive Structure and Prioritization

3.1 Incentive Amounts

Incentive amounts, as shown in Table 1 below; intend to cover nearly, if not all of, the full cost of a new zero-emission school bus. Incentive amounts may cover taxes and other costs related to the purchase of the eligible zero-emission school bus, up to the maximum incentive amount.

Table 1: Maximum Incentive Amounts

School Bus Type	Without a wheelchair lift	With a wheelchair lift
Type A	\$280,000	\$295,000
Type C	\$340,000	\$355,000
Type D	\$360,000	\$375,000

Eligible Costs include:

- Zero-emission school bus
- Taxes
- Shipping and delivery fees
- Document preparation fees
- Recycling fees
- California tire fees
- DMV filing fees

Ineligible Costs include, but are not limited to:

- Training
- Extended warranties
- Scrappage fees
- Local governmental agencies incentive fees
- Any price increases after initial purchase order is submitted, including but not limited to, bus price increases and tax rate increases
- Maintenance and repairs needed for the new zero-emission school bus(es)

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- Cost of delayed payments to Approved HVIP dealers for school buses

Eligible Plus-ups

As shown in Table 1, ZESBI recipients may receive an additional \$15,000 plus-up for the purchase of an eligible school bus equipped with a wheelchair lift.

Ineligible Plus-ups

Incentive amounts for ZESBI funding are not eligible for Standard HVIP plus-ups or eligible to combine with other HVIP funding types. For information about Standard HVIP and other funding types in HVIP, see www.californiahvip.org/IM and <http://www.californiahvip.org/funding>.

Purchaser Cap

Eligible Applicants will be able to apply for up to a combined total of 50 zero-emission vehicles from standard HVIP and ZESBI per calendar year. However, per the requirements of standard HVIP, no more than 30 vehicles can be requested through standard HVIP alone. Examples of allowable transactions are below:

- Eligible Applicant requests 50 zero-emission vehicles through ZESBI and does not request any zero-emission vehicles through standard HVIP in a single calendar year.
- Eligible Applicant requests 35 zero-emission vehicles through ZESBI and 15 zero-emission vehicles through standard HVIP in a single calendar year.
- Eligible Applicant requests 30 zero-emission vehicles through standard HVIP and 20 zero-emission vehicles in a single calendar year.

3.2 Applicant Prioritization

Applicants will be prioritized according to the following and as shown in Table 2:

Applicants within each tier (**Tiers 1 - 3**) will be ranked based on the timestamp of submission of their complete Application Part A. The timestamp on any application that is missing materials or otherwise deemed incomplete will not be recorded until all application materials are submitted. Should data from CALPADS or NCES be missing, or incomplete, eligible Applicants may have the ability to self-certify the missing or incomplete data and should reach out to CARB or its Administrator to confirm they are eligible for self-certification.

Tier 1 - Applicants defined as a small school district, or rural school district, or Applicants serving a high percentage of unduplicated pupils.

Applicants serving a high percentage of unduplicated pupils are defined as LEAs whose count of unduplicated pupils is 80% or greater of the total district enrollment as reported in CALPADS 2022-23 Fall Submission 1.

Tier 2 - Applicants that serve DACs and/or LICs.

DAC and LIC priority will be applied using the California Climate Investments Priority Populations map, located online at <https://webmaps.arb.ca.gov/PriorityPopulations/>.

DAC and LIC designations will apply to Applicants if any overlap occurs between the California Climate Investments Priority Populations map and the Applicant's boundaries.

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- Disadvantaged Communities or Disadvantaged Communities Tribal Lands (map legend color: yellow),
- Disadvantaged and Low-income Community (map legend color: green), or
- Low-income Community (map legend color: blue)

For JPAs, DAC and LIC designations will apply if any overlap occurs between the California Climate Investments Priority Populations map and the boundaries of any school district that is a member of the JPA.

- Disadvantaged Community or Disadvantaged Communities Tribal Lands (map legend color: yellow),
- Disadvantaged and Low-income Community (map legend color: green), or
- Low-Income Community (map legend color: blue)

Tier 3 - All remaining eligible Applicants located in the State of California.

Table 2: Applicant Prioritization Tier Structure

Priority Tier	Defined as...
Tier 1	<ol style="list-style-type: none">1. a small school district,2. a rural school district, or3. a LEA serving a high percentage of unduplicated pupils
Tier 2	<ol style="list-style-type: none">1. an Applicant that serves DACs, and/or2. an Applicant that serves LIC
Tier 3	All remaining eligible Applicants located in the State of California.

3.3 Determining Grantees

Applicants will be awarded based on the tier structure outlined in Section 3.2 and the timestamp of Application Part A. If the number of applications received does not exceed the amount of available funding after the initial application period closes, all eligible applications received within the initial application period will be funded. Additionally, applications will continue to be accepted on a first-come, first-served basis thereafter for any eligible Applicants. Applications will continue to be accepted until all funding has been requested, or CARB otherwise determines to close ZESBI to new applications. If available, LEAs will be notified of an extended application period.

3.4 Waitlist

When available funding is fully subscribed, CARB has sole discretion to permit a waitlist. Waitlisted Applicants will be listed based on the Applicant Prioritization factors listed in Section 3.2. CARB or its Administrator will review the waitlist every 30 days. If funding becomes available, waitlisted Applicants will be reviewed in the order in which they are ranked.

Waitlisted Applicants are not guaranteed funding, nor is there a guarantee funding will become available. Funding availability is based on demand, and any cancellations during the funding process. If additional funding from other sources becomes available, CARB may use it to fund the

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ZESBI waitlist at its sole discretion.

Applicants on the waitlist are subject to the Implementation Manual and the Grant Agreement that are in place at the time they are offered ZESBI funding, not the version in place at the time the waitlist request is initially created (if different).

4 School Bus Requirements

4.1 Old School Bus Eligibility Requirements

Participation in ZESBI requires the scrapping of an old school bus for each new school bus that is awarded. The old school bus can be any internal combustion engine using any fuel type. The eligibility requirements for the old school bus(es) are:

- The school bus chassis must be a 2010 model year or older. The school bus chassis age is verified by the model year listed on the DMV Registration Form.
- The school bus must be Applicant owned. The school bus cannot have a lienholder listed on the DMV Registration Form.
- The school bus must have a Gross Vehicle Weight Rating (GVWR) greater than 10,000 pounds. School bus(es) with a GVWR of exactly 10,000 pounds or less than 10,000 pounds are not eligible.
- The school bus must have a current California Highway Patrol Safety Certification (CHP 292 or equivalent) at the time of Application Part A submission. A non-certified school bus will not be able to continue within the application process.
- Diesel-fueled school bus(es), that are greater than 14,000 pounds GVWR, must be compliant with the California Truck and Bus Regulation in order to receive a full incentive amount. In cases where the old school bus is not compliant, a \$20,000 incentive deduction will be applied per non-compliant school bus. Review the School Bus Fact Sheet on the Truck & Bus Regulation for detailed information:
ww3.arb.ca.gov/msprog/onrdiesel/documents/fsschoolbus.pdf
 - Applicants must provide a self-certification that the school bus(es) is/are compliant. To maintain compliance with the CA Truck and Bus Regulation, school buses must have a diesel particulate filter (DPF) installed or operate less than 1,000 miles per calendar year (low use).

4.2 Old School Bus Scrapage Requirements

Scrapage and submission of documentation of the old school bus(es) being scrapped can occur after the grant agreement has been fully executed and must occur within 24 months of new school bus delivery. If the Grantee does not scrap the old school bus and submit all required scrapage documentation within 24 months, CARB may require the repayment of previously disbursed funds.

Proof of scrapage utilizes a Dismantle Certification Form and requires supporting documentation. The Dismantle Certification Form will require the following documentation to be considered a complete submittal:

- A copy of the DMV Dismantler's Notice of Acquisition/Report of Vehicles to be Dismantled (REG 42) or a DMV Junk Slip and Certificate of Destruction from the entity destroying the

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school bus. A Certification of Destruction template can be found on the HVIP website.

- Photographs documenting proper school bus chassis and school bus engine destruction:
 - Vehicle Identification Number (VIN) plate;
 - Engine plate depicting engine serial number;
 - Photograph(s) depicting the method used to scrap the non-engine portion of the school bus (chassis). To dismantle the school bus chassis means to punch, crush, stamp, hammer, shred or otherwise render permanently and irreversibly incapable of functioning as originally intended.
 - Photograph(s) depicting the method used to scrap the engine portion of the school bus. To dismantle the engine portion, either a 3-inch hole must be cut into the engine block, or the engine block must be crushed and rendered permanently and irreversibly incapable of functioning as originally intended. Any other methods of engine block scrapping must obtain approval in writing from CARB or its Administrator prior to using the proposed scrapping method.

CARB or its Administrator may, in their sole discretion, require additional documentation to ensure scrapping requirements have been met. Additionally, in the event that funding from other sources becomes available, CARB or its Administrator may require additional documentation to comply with specific requirements of the new funding source (such as Diesel Emissions Reduction Act funding).

4.3 New Zero-Emission School Bus Requirements

The new school buses must be zero-emission and meet all HVIP eligibility requirements included in the Implementation Manual. The new school bus(es) must:

- Have a Gross Vehicle Weight Rating (GVWR) greater than 10,000 pounds.
- Not have any fossil fuel fired heaters installed on the bus.
- Have Vehicle-to-Grid (V2G) functionality via use of type 1 combined charging system (CCS). This enables the new bus to engage in bi-directional charging capabilities such as storing and discharging of electricity at a rate of at least 60kW, though there is no specific requirement for the Purchaser's utilization of this technology.
- Comply with ISO 15118-20 Road vehicles – Vehicle to grid communication interface – Part 20: 2nd generation network layer and application layer requirements. OEMs must self-certify as to this capability.

More information about the HVIP eligibility process is at www.californiahvip.org/sellers. Purchasers can discern whether a specific HVIP-eligible school bus is included as ZESBI eligible by viewing the indication on each bus's listing at www.californiahvip.org/vehicle-category/school-bus. A Purchaser intending to purchase a school bus that is not indicated as ZESBI eligible, may instead participate in standard HVIP on a first-come, first-served basis, including utilizing the voucher amounts and rules included in the standard HVIP Implementation Manual.

5 Application Process

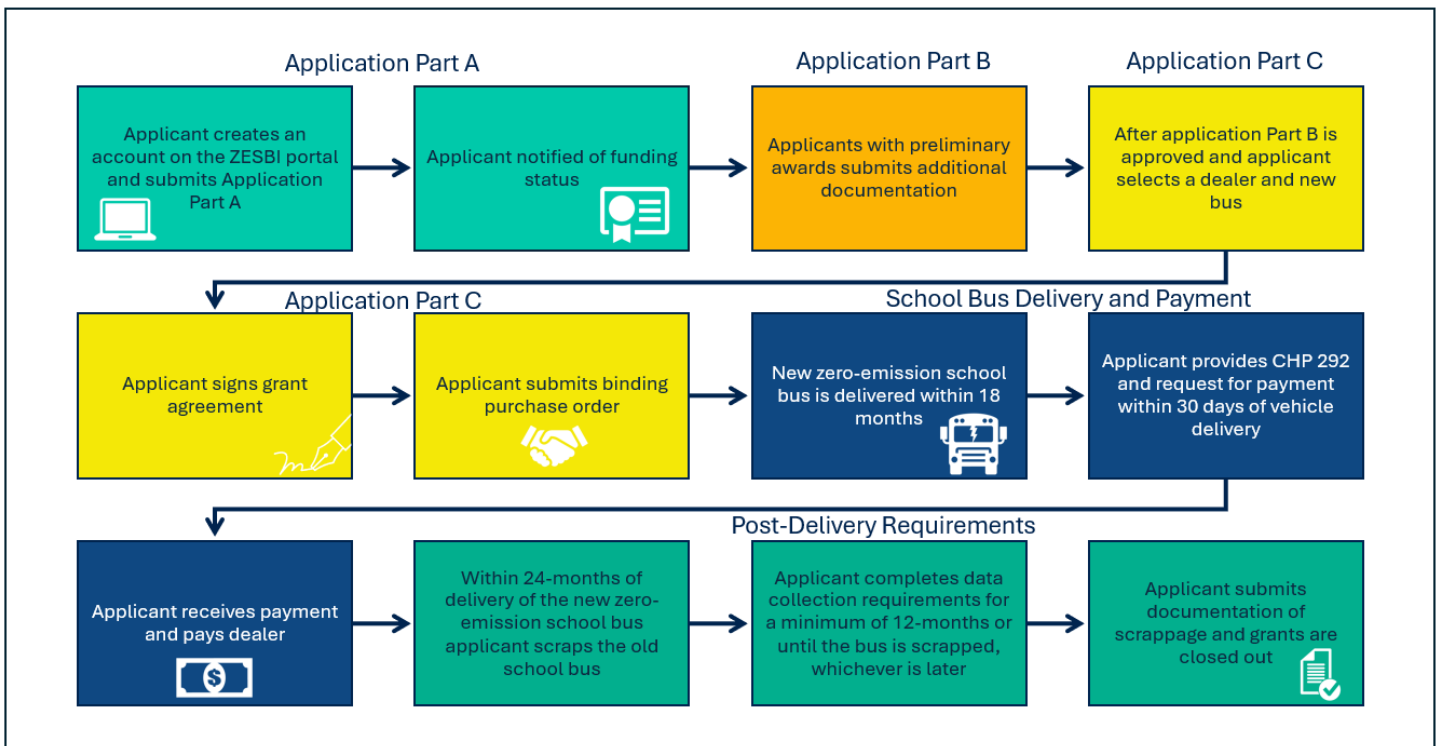
LEAs will submit their application through a three-part, online application process. Applicants will

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complete a single application to apply for the vehicle funding administered by CARB and the infrastructure and school transportation funding administered by CEC. While this Implementation Manual focuses on the application requirements for the school bus purchase, CARB and CEC have worked together to develop a simple, streamlined application process to simultaneously apply for both funding for the school bus, and associated infrastructure. Additional details on the requirements for infrastructure funding can be found in CEC's Implementation Manual.

All Applicants will be required to register and create an account to apply using Application Part A. Applicants who are preliminarily awarded funding will move on to provide additional documentation in Application Part B. Once the old school bus documentation is approved and compliance with applicable regulations has been verified, Applicants will continue to Application Part C. In Application Part C, Applicants will select their new zero-emission school bus(es) and sign a funding contract. After the funding contract has been fully executed, Applicants may submit a purchase order for the new zero-emission school bus(es).

Figure 1: ZESBI Application and Grant Process



5.1 Application Window

ZESBI's initial application window (Application Part A), will open on Tuesday, May 14, 2024, at 10:00am Pacific Time and remain open until Monday, September 30, 2024, at 5:00pm Pacific Time. All applications received during the initial application window will be prioritized according to the tier structure in Section 3.2. If funding remains after September 30, 2024, applications will be accepted on a first-come, first-served basis until all funding has been requested or CARB, in its sole discretion,

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determines a date to close the ZESBI to new applications.

5.2 Registration

Applicants will be required to create an account in the ZESBI online portal prior to submitting Application Part A. In order to create an account, Applicants will be required to provide an email address and create a password. The Applicant will be able to verify application submission within the online portal and track application progress.

5.3 Application Part A

Application Part A is the first step of the application process. Submission of Application Part A will be done via the online portal. In Application Part A, Applicants must list their contact information, projected quantity of vehicles they plan to purchase, and provide information on the old school bus(es), including the number of buses they intend to scrap.

The information provided on Application Part A cannot change after the initial application window has closed. The old school bus(es) included on Application Part A cannot be substituted. Applicants must answer questions related to charging infrastructure, both existing and planned, for the new school bus(es).

The Applicants must submit the following information:

- A Letter of Intent signed by an authorized representative stating the Applicant's intent to purchase zero-emission school bus(es).
- A current copy of the DMV Registration for each old school bus included in Application Part A.
- A current copy of the CHP Safety Certification (CHP 292) or equivalent for each old school bus included in Application Part A. The old school buses must have a current, unexpired, CHP 292 or equivalent at time of application submittal.

***The Applicant will be required to provide additional information related to the infrastructure portion of their grant as described in the CEC ZESBI Implementation Manual and/or Fact Sheet.**

5.4 Application Part B

During the Application Part B process, Applicants will have 30 calendar days to accept funding, submit Application Part B, and includes responding to Application Part B corrections within 30 calendar days of notification. If funding is not accepted within 30 calendar days, funding may be reallocated to another Applicant. Application Part B submittals will be reviewed in the order received, regardless of Applicant's prioritization.

Approval of late Application Part B submittals is at the discretion of CARB or its administrators.

Applicants must provide the following Application Part B documentation to the ZESBI team for review:

- **Board Resolution:** The ZESBI School Board Resolution template must be completed, approved, and signed by a school district or governing board. If the ZESBI School Board Resolution template cannot be utilized, a School Board Resolution must:
 - provide authorization to participate in the ZESBI project,

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- identify an individual authorized to implement and administer the project,
- specify ZESBI funding,
- cannot be dated prior to January 1, 2024.
- **A copy of the current DMV registration with no lienholder listed.**
- **A photograph of the school bus manufacturer's ID tag(s).** The photograph(s) must legibly depict the VIN and GVWR.
- **A photograph of the school bus engine plate.** The photograph must legibly depict the engine serial number.
- **A photograph of the engine block.**
- **A photograph of the side profile of the bus.**
- **California Truck and Bus Regulation Compliance Self-Certification Form.** Only applicable to diesel-fueled school bus(es), greater than 14,000 pounds GVWR, to be scrapped, not the entire fleet.
- **Clean Truck Check Certificate.** Applicants that own vehicles subject to Clean Truck Check are required to submit their Clean Truck Check Compliance Certificate which can be obtained through the [Clean Truck Check Reporting Database \(CTC-VIS\)](#).

***The Applicant will be required to provide additional information related to the infrastructure portion of their grant as described in the CEC ZESBI Implementation Manual and/or Fact Sheet.**

5.5 Application Part C

At this stage, Applicants will select eligible new zero-emission school bus(es) from the HVIP catalog and may complete additional requirements related to the infrastructure portion of their grants as described in the CEC ZESBI Implementation Manual. Applicants are not required to select a like-for-like replacement school bus. Applicants can choose any school bus in the HVIP catalog that meets the requirements for ZESBI funding. The new zero-emission school bus must be purchased from an HVIP approved dealer. A listing of approved dealers is available at: <https://californiahvip.org/dealerlist/>.

If an Applicant selects a new school bus manufacturer that exceeds the HVIP Manufacturer Cap threshold at any time prior to signing the Grant Agreement, CARB may, at its sole discretion, allow or require Applicants to change their new school bus manufacturer on a Case-by-Case basis.

6 Additional Funding Opportunities & Procurement Contracts

6.1 Combining with Other Funding Sources

ZESBI funding may be combined or "stacked" with other eligible public incentives, where applicable, to further support fleet purchase decisions. To stack eligible public incentives, the Purchaser must ensure that all of the ZESBI and respective public incentive program's requirements and policies are met, that each incentive program is not paying for the same costs, and that the total sum of incentives does not exceed the total cost of the vehicle.

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Generally, funds administered by local air districts or local municipalities, such as AB 923 funds, may be combined with ZESBI funding. Applicants may stack ZESBI funding with certain state funds only if the LEA has a small fleet. Some federal funding may be stacked with ZESBI. If an Applicant chooses to stack with another incentive program, the LEA is responsible for ensuring that the other incentive program allows stacking with ZESBI and that all requirements of ZESBI and the other program are met.

ZESBI can be stacked with these funding programs administered by local air districts or federal entities with no restrictions on fleet size. Examples of stackable local and federal programs include:

- Federal Diesel Emissions Reductions Act State Grants or Rebates
- AB 923 Funds
- Sacramento Metropolitan AQMD's Sacramento Emergency Clean Air & Transportation Grant Program (SECAT)
- South Coast AQMD's Mobile Source Air Pollution Reduction Review Committee (MSRC) grants
- Bay Area AQMD's Mobile Source Incentive Fund and Transportation Fund for Clean Air

ZESBI funding MAY be stacked with these state-funded incentives administered by local air districts only if the LEA has a fleet size of 20 vehicles or fewer:

- Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program)
- Community Air Protection Incentives to Reduce Emissions in AB 617 Communities

Incentive programs that MAY NOT be combined with ZESBI funding includes, but is not limited to, the following:

- Standard Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP)
- HVIP Public School Bus Set-Aside & Energize Joint Application
- California Climate Investments (CCI)*
- United States Environmental Protection Agency Clean School Bus Program
- Volkswagen Environmental Mitigation Trust for California (VW Mitigation Trust)

*Community Air Protection Incentives are the only California Climate Investment Program that may be stacked with ZESBI, and stacking can only occur if the LEA has a fleet size of 20 or fewer vehicles.

6.2 IRS Tax Incentives

ZESBI Applicants may combine ZESBI funding with United States Internal Revenue Service (IRS) Tax Credits, such as the **Qualified Commercial Clean Vehicle Credit**. The following information is provided for informational purposes only and does not constitute tax advice. CARB and its Grantee are not affiliated with the IRS in administering the clean vehicle tax credits.

According to the IRS website, Tax-exempt organizations that buy a qualified commercial clean vehicle may qualify for a clean vehicle tax credit of up to \$40,000 per vehicle under the Internal Revenue Code (IRC) 45W. The tax credit is available for the year that the vehicle is put in service. The

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tax credit is for qualified commercial vehicles acquired after December 31, 2022, and before January 1, 2033. For more information, please visit <https://www.irs.gov/credits-deductions/commercial-clean-vehicle-credit>.

The sum of ZESBI funds, any other match incentive funds and the tax credit may NOT exceed the total cost of the new zero-emission school bus.

For any additional information or questions, please contact the IRS directly.

6.3 Statewide Procurement Contract

ZESBI participants are encouraged to review the Department of General Services (DGS) Statewide Procurement Contract (Bulletin #: K-73-23). The Statewide Procurement Contract includes zero-emission school buses Type A, Type A with a cutaway chassis, Type C and Type D. Use of the DGS Statewide Procurement Contract is encouraged, but not required to receive ZESBI funding. To learn more about this opportunity, please go to: <https://californiahvip.org/wp-content/uploads/2024/04/DGS-Statewide-Contract-Guide-Final.pdf>

7 Grantee Duties and Responsibilities

7.1 General Responsibilities

The Grantee is responsible for the following:

- Selecting a school bus that meets their needs and ordering the school bus from an HVIP approved dealer and ensuring the purchase order contains the necessary provisions specified in section 7.2.
- Coordinating with the HVIP approved dealer and charging system providers to ensure that the selected new zero-emission school bus is compatible with planned and/or existing infrastructure.
- Responding to requests for information and documentation from CARB or its Administrator within 10 business days.
- Coordinating directly with the HVIP approved dealer on the timeline for school bus deliveries.
- Promptly notifying CARB or its Administrator if the point of contact for the application changes.
- Notifying CARB or its Administrator if it has received or expects to receive other incentive funding for the scrappage of the same old school bus or purchase of the same new school bus.
- Coordinating with its local electric utility provider to prepare for the installation of infrastructure.
- Completing the Scrappage and Data Collection Responsibilities after the new zero-emission school bus is delivered.
- Coordinating with CHP to ensure that the new zero-emission school bus is inspected and receives a CHP 292 or equivalent within 30 calendar days of the delivery of the new school bus.

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- Coordinating with the HVIP approved dealer to rectify any issues with the new school bus in a timely fashion.
- Paying the HVIP approved dealer the amount due within 60 calendar days of the new, zero--emission school bus passing CHP certification.
- Notifying CARB or its Administrator if it no longer wishes to participate in the ZESBI project.

7.2 Grant Agreement/Purchase Order

Upon approval of Application Part C, a grant agreement will be issued to the Grantee. After the grant agreement is fully executed, the Grantee will have 10 business days to sign and submit a purchase order or other binding agreement for the new school bus(es). All purchase orders submitted must include the following:

- The make and model of each zero-emission school bus, including if the school bus is equipped with a wheelchair lift.
- The itemized cost of each school bus
- The grant award amount applied to each school bus.
- The agreed upon delivery date for each new zero-emission school bus.
- A liquidated damages clause for late deliveries, as follows, "For every date after [insert delivery date agreed upon by the Grantee and HVIP Approved Dealer], in which a school bus has not been delivered as specified in the contract, [HVIP Approved Dealer name] shall be liable to [Grantee name] for the liquidated damages in the amount of \$100 per day per school bus purchased with funds from ZESBI."
- A liquidated damages clause for zero-emission school buses that do not pass CHP inspections as follows: "Should the school bus fail its CHP inspection after delivery, for every date after delivery until the date the repaired school bus is returned to the [Grantee name], the [HVIP Approved Dealer Name] shall be liable to [Grantee name] in the amount of \$100 per day per school bus purchased with funds from ZESBI."
- Acknowledgement that the amount due on the purchase order is due within 60 days after the new zero-emission school bus has passed CHP inspection. Purchase orders that allow payment after 60 days of the new zero-emission school bus passing CHP inspection are acceptable if both the Grantee and HVIP approved dealer agree upon the terms of extended repayment.
- Upon submission of a purchase order and signature of grant agreement, a deduction of \$20,000 will be applied to any incentive for any old school bus that is not compliant with the California Truck and Bus Regulation.

7.3 Non-Responsive Applicant/Grantee

If at any stage in the ZESBI application or funding process, an Applicant/Grantee ceases to respond to CARB or its Administrators regarding missed deadlines, for a period beyond 30 days, funding may be cancelled and reallocated to another Grantee.

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7.4 Required New Vehicle Delivery Timeline

The new vehicle must be delivered within 540 days of the purchase order, and the Grantee must submit an initial request for payment within 45 calendar days of vehicle delivery. CARB or its Administrator will review requests for extensions on a case-by-case basis and may approve such requests using its sole discretion.

7.5 Redemption process

In addition to adhering to redemption requirements detailed in the standard HVIP Implementation Manual, the following are required for ZESBI participants:

- The new school bus must be delivered, and CHP certified. Proof of CHP Certification of the new school bus is required within 30 calendar days of vehicle delivery.
- If the new school bus is equipped with a wheelchair lift, a photograph of the wheelchair lift will be required.
- Additional documentation may be required prior to incentive redemption, at the discretion of CARB or its Administrators.
- The old school bus(es) must be dismantled and required documentation provided within 24 months of the new school bus delivery date. Failure to scrap the old school bus(es) constitutes a material breach of the grant agreement such that CARB, or its Administrator may recapture funds.
- All HVIP Terms and Condition requirements must be met.

7.6 Data Collection Responsibilities

Telematics reporting requirements are the same as standard HVIP as described in the standard HVIP Implementation Manual. In addition, there will be a data collection requirement of a minimum of 12 months, or until the old replaced school bus is scrapped, whichever is later. Reporting will be submitted on a quarterly basis, consisting of:

- Vehicle Miles Traveled (VMT)
- Repair downtime (downtime days/total in service days)
- General reason for downtime

Additionally, the grantee will be required to participate in periodic program reporting to provide feedback on the performance of the new zero-emission school bus and the Grantee's overall experience with ZESBI.

If a Grantee fails to submit the required quarterly reporting or periodic program reports, they may be ineligible for additional HVIP vouchers while this information remains outstanding.

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8 Personally Identifiable Information and Applicant/Grantee Privacy and Conditions of Use

All information associated with ZESBI funding, including Applicant/Grantee name and address, contact information, and sales transaction are public information and subject to release. Additionally, the VIN of the old school bus and new zero-emission school bus may be shared with other funding entities as necessary to determine compliance with co-funding requirements.

Any information or data that contains Personally Identifiable Information (PII) should only be reported in aggregate, with PII removed, or only retained for contact purposes. For more information, please visit CARB's website for [Privacy and Conditions of Use](#).