

**Texas Association of Resource Conservation and Development Areas, Inc.
("RC&D")**

Clean Buses Project

Project Description

Texas Association of Resource Conservation and Development Areas, Inc. ("RC&D" is organized as a main State Office ("State Office") and regional RC&D Councils ("RC&D Councils"). The State Office will receive SEP contributions under this Agreement, deposit them in the SEP Fund Account, then distribute the SEP Funds to the RC&D Councils for performance of the Project throughout the state.

Older diesel engines emit large amounts of nitrogen oxides (NO_x) and particulate matter (PM), as well as other harmful pollutants such as volatile organic compounds (VOCs) and carbon monoxide (CO). These pollutants contribute to serious public health problems. The Project shall reduce CO, NO_x, PM, and VOC emissions by replacing or retrofitting older diesel buses.

SEP Funds will only be used for the purchase of a base model Replacement Bus, or for Retrofit as described below.

Bus Replacement Requirements

RC&D shall provide SEP Funds for up to 100% of the purchase price of a lower-emission bus that is model year 2010 or newer ("Replacement Bus") to public school districts or public charter schools ("Schools"), to replace a diesel bus that is model year 2006 or older ("Older Diesel Bus"). RC&D shall ensure that each Replacement Bus purchased has an engine that meets 2010 EPA Standards.

All Older Diesel Buses that are replaced shall be fully decommissioned as specifically required in the SEP Vehicle Disposition Form. This form shall be included in RC&D's Quarterly Reports for each Older Diesel Bus replaced. Except in cases where RC&D does not have sufficient SEP Funds to cover 100% of the purchase price of the Replacement Bus, all funds received for the scrap value of the Older Diesel Bus shall be deposited into the SEP account, and become part of the SEP Funds. In cases where RC&D does not have sufficient SEP Funds to pay for 100% of a Replacement Bus, RC&D shall apply the scrap value received from the Older Diesel Bus toward the purchase price of the Replacement Bus.

Bus Retrofit Requirements

RC&D shall also use SEP Funds for retrofitting Older Diesel Buses with lower emissions or clean fuel technology to reduce air emissions. RC&D shall disburse SEP Funds statewide and may utilize various bases for determining the order of distribution of funds, including but not limited to, condition of buses, non-attainment area status, and recipient economic status as possible rating factors. RC&D may distribute funds in areas that are not in a nonattainment status.

Older Diesel Buses shall be retrofitted with one of the following three NO_x reduction technologies as set forth in the SEP Vehicle Retrofit Form: a Diesel Particulate Filter, a Closed Crankcase Filtration System, or a Diesel Oxidation Catalyst. The

Form shall be included in the RC&D's Quarterly Reports for each Older Diesel Bus retrofitted. TCEQ may approve other retrofit technologies on a case by case basis, as long as the technology is one that has been developed and approved by EPA or the California Air Resources Board. TCEQ approval for any retrofit technologies other than those listed must be obtained before the retrofit occurs.

Use of SEP Funds

RC&D shall give preference to replacing the oldest, most polluting buses that are currently in use. An Older Diesel Bus that is not currently in use on a weekly basis is not eligible. Since unnecessary bus idling wastes fuel and pollutes the air, preference shall also be given to those recipients with a written policy to reduce bus idling.

RC&D shall require that the Older Diesel Bus be in regular use, driven on a regular route, and owned by the Schools for the past two years. RC&D shall also require that the Older Diesel Bus is not already scheduled and budgeted for replacement or retrofit.

Project Area

RC&D's project area is Statewide; therefore, RC&D may use SEP Funds for work anywhere in the state. RC&D shall attempt, but is not required, to use SEP Funds in the TCEQ Air Control Regions from which the corresponding penalty originated.

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 new 2010 ultra low emission model, passengers' exposure to NO_x 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

Statewide

Minimum Contribution Amount

\$2,500