

APPENDIX H: APRIL 12, 2018 LETTER FROM COB
CHAIR GORDON AND VICE CHAIR GOLD TO
COMMISSIONER SCOTT WITH RECOMMENDATIONS
FOR THE DEVELOPMENT OF THE SCHOOL BUS
REPLACEMENT PROGRAM

CALIFORNIA CITIZENS OVERSIGHT BOARD

California Clean Energy Jobs Act

KATE GORDON, CHAIR

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April 12, 2018

Commissioner Janea A. Scott
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

Dear Commissioner Scott:

At the recent Citizens Oversight Board (Board) meeting held on March 22nd, the Board received an update from Energy Commission staff on the school bus replacement program authorized last year by Senate Bill 110 (SB 110). Consistent with SB 110, the new school bus replacement program will receive the first \$75 million of any remaining Proposition 39 K-12 funds when the current program expires on June 30, 2018.

While the Proposition 39 Program involves multiple agencies and programs, the Board is an independent body responsible for assessing program effectiveness, commissioning annual program and financial audits, and making recommendations to the Legislature regarding the overall effectiveness of Proposition 39 programs. As Chair and Vice Chair of the Board, we appreciate this opportunity to share the following comments and recommendations for your consideration as you continue to develop the school bus replacement program. Note that while these recommendations reflect discussion during the recent board meeting, this letter is not an official document from the full Board.

1. First and foremost, we believe that any bus replacements funded through the new program should meet the same cost-effectiveness requirements of other projects funded through Proposition 39, so that the **benefits associated with replacement buses exceed their total cost over time.**
2. Second, we believe the allocation of program funds should give **priority to the oldest school buses and school buses operating in disadvantaged communities.** Your staff presented several possible scenarios for funding allocation: one in which funds are distributed evenly within four geographic regions, with priority given to the oldest school buses in each region first and additional points awarded for disadvantaged communities; another focused on the oldest buses first regardless of geographic area. Although distribution of program funds evenly across California is important, and has been a hallmark of the Proposition 39 Program to date, we are concerned that program benefits could be significantly diluted if funding for each geographic region is equal, as some areas of California, such as those

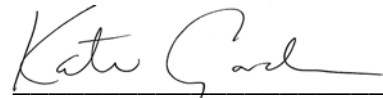
within the South Coast Air Quality Management District, may have already made a transition to cleaner bus fleets.

3. Third, and related to funding allocation, we ask that you consider **prioritizing program funding for older buses located in air quality non-attainment areas**, such as the Inland Empire, given that one of the major benefits of non-fossil fuel buses is a decrease in air pollutants as compared to diesel buses. This benefit is likely even stronger than the carbon benefit of this limited and targeted program.
4. Another important decision before you is the type of buses that are eligible under the program. Although SB 110 was not specific, we agree with Energy Commission staff that emphasizing electric buses provides an important opportunity to support the Governor's Zero Emission Vehicle Executive Order, B-48-18. We also agree that while electric buses are an emerging technology with higher upfront costs, they also have many benefits, including lower emissions, reduced noise, and lower fuel and maintenance costs. As you evaluate suitable electric buses, **we suggest comparing the manufacturer's suggested range against real-world conditions to determine the actual, effective range of each bus, and consider including that demonstrated range as a requirement of any contracts awarded to bus manufacturers.**
5. In addition, we would ask you to **consider renewable natural gas buses** as eligible for the program, especially in air quality non-attainment areas; and that staff compare their maintenance, fuel, and capital costs to electric buses. If renewable natural gas buses are eligible, the solicitation should state that the renewable natural gas be produced in California, to help that emerging market continue to develop. Using a range of alternative fuel buses will address the state's GHG reduction goals, while a lower cost technology option will potentially allow program resources to go farther.
6. We understand that additional funds from the Alternative and Renewable Fuels and Vehicle Technology Program (ARFVTP) may also be leveraged to provide the necessary charging infrastructure and workforce training for those school districts that choose electric buses. We support the ARFVTP proposal and request that an appropriate mechanism be established to guarantee funds are available for this purpose. **We also believe you should consider awarding these funds ahead of bus purchases, so that construction of the needed charging infrastructure and workforce training is complete before any electric buses are delivered.** Furthermore, given construction lead times and the potential for districts to acquire additional electric buses in the future, **consideration should be given to building more charging infrastructure than is actually needed** to reduce the cost of future expansion.
7. On the workforce and economic development front, we understand from Energy Commission staff that currently, there are no electric school bus manufacturers located within California. **We believe you should encourage these manufacturers to maximize their presence in California.**

8. Finally, we recommend you consider leveraging the very strong workforce training programs funded by the first five years of the Proposition 39 Program, especially as you consider funding for electric bus or other infrastructure. The Proposition 39 pre-apprenticeship program is a multi-craft program, and many of these graduates would be well-suited for infrastructure and construction work. It would be a shame not to capitalize on this effective program.

Thank you for considering these recommendations. If you have any questions, please don't hesitate to contact either of us.

Sincerely,



KATE GORDON

Chair, Proposition 39 Citizens Oversight Board

MARK GOLD

Vice Chair, Proposition 39 Citizens Oversight Board