

**PROPOSED CHANGES TO THE STRUCTURE & ADMINISTRATION
OF THE CLEAN SCHOOL BUS PROGRAM & FUNDING GUIDELINES**

Background

The Clean School Bus program was adopted by the Area Emission Reduction Credit Organization (AERCO) in 2006 from the Harris County Education Foundation. AERCO entered into an agreement with the Texas Commission on Environmental Quality (TCEQ) to utilize Supplemental Environmental Project (SEP) funds to support Clean School Bus projects. AERCO has also solicited and received donations on behalf of the Clean School Bus program to provide additional financial support. AERCO oversees the Clean School Bus program in partnership with the Houston-Galveston Area Council (H-GAC), which acts as its fiscal agent through the evaluation of grant proposals, contractual administration of projects, processing invoices and ensuring the fulfillment of auditing and reporting compliance throughout each project's life. H-GAC staff acts in accordance with the guidelines and wishes stipulated by AERCO for the program, and provides regular project and budget updates to the AERCO Board of Directors.

Since 2006, staff has operated the Clean School Bus program as an independent program, separate from H-GAC's already existing Clean Vehicles program (which is funded via Congestion-Mitigation/Air Quality [CMAQ] monies). However, because the programs have very similar goals and processes, and because CMAQ and SEP funds are often used in combination to support projects, a number of administrative procedures and protocols have been informally consolidated to allow for operational efficiency. Examples include the introduction of the pre-approval site visit, invoicing documentation policies, and monitoring report templates and requirements. Unfortunately, this has resulted in confusion among grant applicants and participants who see that the programs have separate application forms, websites, and marketing materials, but which have overlapping administrative processes. Frequently, staff has difficulty explaining how and why the programs have different criteria in some instances, but the same requirements under other circumstances. Recently, AERCO has revised its SEP agreement with TCEQ to allow municipal and county governments to apply for and utilize these funds, further compounding the confusion as the name "Clean School Bus" program no longer fits with the applicant pool that is now eligible.

Current Status

In part to remedy this confusion, and in part to lay a better framework for efficiency and program expansion in the future, staff has developed a comprehensive new set of guidelines and structures for both the Clean Vehicles and Clean School Bus programs. Rebranded under the name "Clean Fleets Initiative" (CFI), the umbrella effort would encompass three programs: Clean Vehicles program (on-road vehicles), Clean Machines program (off-road vehicles), and Clean Technologies program (Infrastructure). Each of these programs would in turn have specific focus areas/categories that follow natural distinctions within the transportation sector, such as "Heavy-Duty Vehicles" or "Low-Horsepower Equipment". The basic concept is to create a unified, streamlined set of administrative procedures, forms, policies, and marketing materials that ALL projects under CFI would reference, while simultaneously providing flexibility to accommodate the unique requirements and preferences associated with each type of funding made available through the program (now or in the future). The goal is create a more user-friendly, efficient program that is easier to present to the public and which has the built-in capacity to expand and change over time.

Under this new arrangement, AERCO would retain its traditional oversight role of determining the selection criteria for projects utilizing SEP funds, donations, etc; more specifically, AERCO would have the right to review, amend, reject, or approve the "Funding Attribute Matrix" created specifically to govern how each type of AERCO funding distributed through CFI would be administered. AERCO will also continue to have the right to confirm the grant award decisions made each quarter by H-GAC staff, and will continue to receive project and budget updates from H-GAC staff at each regular quarterly meeting.

Draft materials for the Clean Fleets Initiative were made available on the website for comments and questions beginning in March, and may be viewed here: <http://www.houston-cleancities.org/documents.htm#CFIGuidelines>.

Requested Actions

H-GAC staff recommends the approval of the formal consolidation of Clean School Bus administrative procedures, forms, policies, and marketing materials under the new Clean Fleets Initiative framework.

H-GAC staff recommends the approval of the attached Funding Attribute Matrix to govern the administration of AERCO's Supplemental Environmental Project (SEP) funds under the new Clean Fleets Initiative framework.

H-GAC staff recommends the approval of the attached Funding Attribute Matrix to govern the administration of any AERCO Donation funds earmarked for fleet replacement/retrofit projects under the new Clean Fleets Initiative framework.