

**OKLAHOMA DEPARTMENT OF ENVIRONMENTAL QUALITY
2009 OKLAHOMA CLEAN DIESEL SCHOOL BUS PROGRAM
GRANT ANNOUNCEMENT**

I. FUNDING OPPORTUNITY DESCRIPTION

A. Funding Summary

The Oklahoma Department of Environmental Quality (DEQ) has been allocated \$1.73 million in additional funding for the Oklahoma Clean Diesel School Bus Program through the American Recovery and Reinvestment Act of 2009 (Recovery Act). DEQ is soliciting applications to fund projects that reduce diesel emissions from public school buses owned by smaller school districts in the Tulsa and Oklahoma City metropolitan areas. Funding will be in the form of reimbursements for school bus replacements, school bus engine repowers, and Environmental Protection Agency (EPA) and/or California Air Resources Board (CARB) certified retrofit technologies. Retrofits are limited to diesel oxidation catalysts (DOCs), diesel particulate filters (DPFs), and crankcase ventilation systems (CCVs). The 2009 NO₂ compliant technologies that are EPA verified are listed on EPA's Verified Technologies List at <http://www.epa.gov/otaq/retrofit/verif-list.htm> and CARB verified technologies can be found at <http://www.arb.ca.gov/diesel/verdev/vt/cvt.htm>. Funds will be awarded pursuant to the DEQ/EPA agreement 2D-96690001, "Oklahoma Clean Diesel School Bus Program" effective May 18, 2009.

B. Funding Closing Date

School districts meeting selection criteria will be awarded funds on a first come, first serve basis on an accelerated application/award schedule in order to maximize impact to the nation's economy. Applications will be accepted until all funds are awarded, but all monies must be spent by September 2010.

II. ELIGIBILITY INFORMATION

A. Eligible Entities

Eligible entities are public school districts with district-owned school buses. Funding is available for smaller school districts in the Tulsa and Oklahoma City metropolitan areas.

B. Eligible Projects

Eligible projects are limited to the replacement, repower and/or retrofit of school buses. Specifically:

- New 2007 or 2010 emission standard diesel school bus -- reimbursed up to 50%

- 2007 or 2010 emission standard diesel engine repower -- reimbursed up 75%
- Purchase and installation of EPA or CARB verified CCVs, DOCs and/or DPFs -- reimbursed at 100%

C. Special Requirements for Eligibility

- Successful applicants must agree to implement a fleet-wide idle reduction policy. Unnecessary vehicle idling pollutes the air, wastes fuel, and causes excess engine wear. Reducing idling saves fleets' money. For example, if a fleet has 30 vehicles that reduce idling time by 30 minutes per vehicle per day, using a half gallon of diesel fuel per hour of idling at \$3.75 per gallon of diesel fuel saves 1,350 gallons of diesel and \$5,062 over 180 days. Idling should be limited to the engine manufacturer recommendation (generally no more than five minutes). Applicants should specify the policy to be implemented including (but not limited to) idling time limits, idling exceptions, expected fuel savings, etc. For applicants with an idle reduction policy already in place, please thoroughly describe the specifics of the policy.
- Successful applicants must use a competitive process for obtaining contracts for products and services and conduct cost and price analyses to the extent required in 40 CFR Parts 30 or 31, as applicable, as well as any regulations covered by state, local, or internal procurement requirements. All contracts and the purchase of equipment must be conducted in a manner providing free and open competition, to the maximum extent practicable. As such, applicants should refrain from mentioning specific technology producers in their applications unless they are sole source providers. Applicants are not required to identify contractors or consultants in the application. If applicants have named a specific contractor or consultant in the application DEQ approves, it does not relieve the applicant of obligations to comply with competitive procurement requirements as well as any regulations covered by federal, state, local, or internal procurement requirements. Applicants should describe their competitive bid process in the application.
- Grant recipients will be required to keep the replacement, repower and/or retrofit in good working order for a minimum of five years and report annually of such. Notification will be required if the vehicle is replaced, sold or transferred.
- Upon awarding the grants, the recipient must enter into a grant agreement or Memorandum of Understanding (MOU) committing to the terms of the award. This agreement will establish project timelines, the reimbursement process, reporting requirements (minimum of quarterly reports) and ensure the grant recipient will adhere to the competitive bid/procurement process and other applicable information.

D. Evaluation Criteria

Applications must demonstrate eligibility as indicated in this Announcement.

Additionally:

1. Applications must support Goal 1 of EPA's 2006-2011 Strategic Plan, Clean Air and Global Climate Change. Because this funding originated from EPA, projects funded with this grant money must support Goal 1 of EPA's 2006-2011 Strategic Plan, Clean Air and Global Climate Change; Objective 1.1: Healthier Outdoor Air, which states, "Through 2011...EPA will...protect human health and the environment by attaining and maintaining health-based air-quality standards and reducing the risk from toxic air pollutants." Specifically, the grant projects funded under this program must reduce emissions from diesel fleets, thereby reducing local and regional air pollution.
2. Applications must be complete.
3. Projects must be located within the Tulsa or Oklahoma City metropolitan areas.
4. Applications must include an updated Fleet Information Table (Appendix A).
5. Applications must describe how the project will stimulate Oklahoma's and America's economy and/or create and preserve jobs.
6. Applications must describe applicant's capability to complete the project in a timely manner.

III. AWARD INFORMATION

A. Amount of Funding Available

DEQ has approximately \$1,730,000 available under this announcement for grants. Funding amounts are limited to \$200,000 per award.

B. Funding type

Funding will be in the form of reimbursement upon receipt of invoice(s) from the subgrantee. Subgrantees must have a prior executed agreement with DEQ to receive reimbursements.

C. Start Date/Project Duration/Timeline

All projects should be started as soon as possible. Equipment should be installed within 90 days of signing the final agreement with DEQ; extensions of this 90 day requirement must be based on a demonstrated need and approved in writing by DEQ. All projects

must be completed by June 30, 2010. The retrofit equipment should be maintained on the vehicle for 5 years. Reporting will be required quarterly through 2010 and semi-annually thereafter.

D. Partial Funding

Partial funding may be offered to applicants as deemed applicable and necessary when making the awards.

IV. APPLICATION AND SUBMISSION INFORMATION

How to Apply

Applicants may submit their application by either hardcopy submission or electronically via email.

Oklahoma DEQ – Air Quality Division
Attn: DERA Grant
707 N. Robinson
P.O. Box 1677
Oklahoma City, OK 73101-1677

or

DERAGrant@deq.ok.gov

Applications can be found at the following urls:

Word format –

<http://www.deq.state.ok.us/aqdnew/cleandiesel/DERA20Application.doc>

PDF format –

<http://www.deq.state.ok.us/aqdnew/cleandiesel/DERA20Application.pdf>

Submitting an application package does not guarantee that funding will be awarded. The applicant must have been awarded the funding via an executed agreement with DEQ in order to receive reimbursement. The applicant is responsible for expending its own monies first, and then is reimbursed for the award amount specified in the signed agreement with the DEQ. Without a fully executed agreement in place, the applicant assumes all costs for the purchases and installation.

SUPPLEMENTAL INFORMATION

Eligible Diesel Emissions Reduction Solutions: Projects must include one or more of the following diesel emissions reduction solutions for school buses:

Verified Retrofit Technologies: A “retrofit” project is defined broadly to include any technology, device, fuel or system that when applied to an existing diesel engine achieves emission reductions beyond what is currently required by EPA regulations at the time of the engine’s certification. A list of EPA verified technologies is available at <http://www.epa.gov/otaq/retrofit/verif-list.htm>. A list of CARB verified technologies is available at <http://www.arb.ca.gov/diesel/verdev/vt/cvt.htm>. Note: technologies on the “Previously Verified” lists are not eligible for funding.

- **Exhaust Controls:** Exhaust Controls include pollution control devices installed in the exhaust system (such as oxidation catalysts and particulate matter filters), or systems that include crankcase emission control (like a closed crankcase filtration system). This funding can cover up to 100% of the cost (labor and equipment) for an exhaust control that is verified by EPA or the CARB. A list of EPA verified technologies is available at <http://www.epa.gov/otaq/retrofit/verif-list.htm>. A list of CARB verified technologies is available at <http://www.arb.ca.gov/diesel/verdev/vt/cvt.htm>. For the purpose of this grant only DOC, DPF, and CCV technologies are eligible.
- **Certified Engine Repowers:** Repower refers to the removal of an existing engine and its replacement with a newer or cleaner engine that is certified to a more stringent set of engine emissions standards. Repower includes, but is not limited to, diesel engine replacement with an engine certified for use with a cleaner fuel such as compressed natural gas or propane. EPA is particularly interested in projects that combine engine repower with verified technologies which will further reduce emissions, e.g., through the addition exhaust controls such as a diesel particulate filter, diesel oxidation catalyst or crankcase emission control. This funding can cover up to 75% of the cost of an engine repower, which includes labor and equipment.

Repower projects are eligible for funding on the condition that the following criteria are satisfied:

1. The engine being replaced will be scrapped or rendered permanently disabled or returned to the original engine manufacturer for remanufacturing to a certified cleaner emission standard. Drilling a hole in the engine block and manifold while retaining possession of the engine is an acceptable scrapping method. Other methods may be considered and will require prior EPA approval. If scrapped or salvaged engines are to be sold, program income requirements apply.
 2. Evidence of appropriate disposal, including the engine serial number, is required in a final assistance agreement report submitted to EPA.
- ***Certified School Bus Replacements:*** School buses can be replaced under this program with newer, cleaner buses that operate on diesel or alternative fuels and meet a more stringent set of engine emissions standards. Replacement projects can include the replacement of diesel buses with newer, cleaner diesel or hybrid or alternative fuel buses. The replacement bus must be of the same type and similar gross vehicle weight rating or horsepower as the bus being replaced. The replacement bus must perform the same function as the bus that is being replaced. The replacement of older buses containing engines that were manufactured prior to the implementation of emissions standards is encouraged.

Funding levels will cover up to 25% or 50% of the cost of a replacement school bus, depending on the engine emission certification levels of the replacement bus.

1. **Twenty-five percent level:** This funding will cover up to 25% for school buses with engines manufactured in model years 2007, 2008 **or** 2009 that are particulate filter equipped in the case of diesel engines or catalyst equipped in the case of CNG engines and satisfy regulatory requirements for school bus engines manufactured in that model year and do not exceed the limits of particulate matter (PM) at 0.01, nitrogen oxides (NOx) at 2.0, and nonmethane hydrocarbons (NMHC) at 0.40 (expressed in grams per brake horsepower hour, g/BHP-hr).
2. **Fifty percent Level:** This funding will cover up to 50% of the cost of a replacement school bus with engines manufactured in model year 2007, 2008, or 2009 that satisfy 2010 model year regulatory limits for emissions of PM, NOx and NMHC. The model year 2010 regulatory requirements are: PM at 0.01 grams per brake horsepower hour, NOx at 0.20 and NMHC at 0.14.

Replacement projects are eligible for funding on the condition that the following criteria are satisfied:

1. The bus being replaced will be scrapped or rendered permanently disabled or returned to the original engine manufacturer for remanufacturing to a certified cleaner emission standard. Drilling a hole in the engine block and manifold and disabling the chassis while retaining possession of the bus is an acceptable scrapping method. Other methods may be considered and will require prior EPA approval. Equipment and vehicle components that are not part of the engine or chassis may be salvaged from the unit being replaced. If scrapped or salvaged bus parts are to be sold, program income requirements apply.
 2. Evidence of appropriate disposal, including engine serial number and vehicle identification number (VIN), is required in a final assistance agreement report submitted to EPA.
- **Repower and Replacement Restrictions:** The following are not covered under Repowers and Replacements: Emission reductions that would have occurred through normal attrition are considered to be the result of normal fleet turnover and are not eligible for funding under this program. Normal attrition is generally defined as a replacement or repower that is scheduled to take place between now and the end of the project period (September 30, 2010). Normal attrition is typically defined by the vehicle or fleet owner's budget plan, operating plan, standard procedures, or retirement schedule. For example, if a school bus fleet typically retires vehicles after 7 years, a bus that is currently in its 6th or 7th year of service is not eligible for replacement. A bus that is currently in its 5th year of service and has 2 years of useful life remaining is eligible for replacement.

The purchase of new buses to expand a fleet is not covered by this program.