

**STATE OF OKLAHOMA
DEPARTMENT OF ENVIRONMENTAL QUALITY
2022 ALTERNATIVE FUEL SCHOOL BUS PROGRAM
FUNDING OPPORTUNITY ANNOUNCEMENT
GRANT SOLICITATION**

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I. FUNDING OPPORTUNITY DESCRIPTION

A. Summary

The Oklahoma Department of Environmental Quality (DEQ) is soliciting proposals for projects that reduce nitrogen oxide (NOx) emissions from diesel engines. Potential projects include the replacement of diesel school buses throughout Oklahoma with all-electric or alternative fuel school buses. Applicants from all school districts within the State of Oklahoma are eligible for funding, and project applications will be ranked and selected based on the priorities within the Oklahoma Beneficiary Mitigation Plan (BMP). For more information on selection criteria, please see Section V of this document and Appendix A.

The Alternative Fuel School Bus Program is funded by the Volkswagen Trust and is operated in accordance with the Volkswagen Environmental Mitigation Trust Agreement for State Beneficiaries and the Oklahoma BMP.

More information on the Agreement and associated programs within Oklahoma can be found at: <https://www.deq.ok.gov/air-quality-division/volkswagen-settlement/>

B. Funding

The total funding available for this announcement is approximately \$1,000,000. DEQ will be administering the funding assistance agreements for projects resulting from this announcement. The anticipated number of awards is variable due to the number and type of applications received. Funding will be in the form of reimbursements, and recipients will be required to provide a percentage of the project funding. Each successful applicant must enter into a grant agreement in the form of a Memorandum of Agreement (MOA) with DEQ.

C. Funding Closing Date

Applications will be accepted until close of business, 4:30 p.m. CST, on January 13, 2023; all projects must be completed, and all paperwork submitted by close of business September 1, 2025. If funds are not fully awarded after the initial selection process, DEQ may elect to extend the application deadline, or to roll excess funds into the Reserve Flex Fund as described in page 4 of the Oklahoma BMP.

II. ELIGIBILITY INFORMATION

A. Eligible Entities

The Alternative Fuel School Bus program will be open to all school districts within the State of Oklahoma that transport pre-Kindergarten through grade 12 students.

B. Additional Eligibility Criteria

Program eligibility, as indicated in this announcement, must be demonstrated within the application. A successful application must meet all of the requirements below. Applications which fail to meet one or more of the following requirements will be disqualified and will not be scored.

1. Applications must be received on or before 4:30 p.m. CST January 13, 2023.
2. Applications must be complete, including any attachments and price estimates, as necessary.
3. Projects must be located and primarily operate within the State of Oklahoma. At least 51% of travel must occur within state lines.
4. Applications must describe the applicant's capability to complete the project in a timely manner.
5. Project applicants must meet eligibility requirements listed in Section II.A of this document.
6. Projects must meet all eligibility requirements listed in Sections III.A.1 and III.A.2 of this document.
7. The project timeline must reflect a project closing date on or before close of business September 1, 2025. By this date, the project must be complete, all paperwork required for reimbursement must be submitted to DEQ, and all other requirements as listed in the MOA must have been met. Any extensions of this deadline must be based on demonstrated need and require approval in writing; requests for extension must be submitted by close of business, 4:30 pm CST, August 1, 2025. The granting of deadline extensions is not guaranteed; If requests are denied and the project deadline is not met, access to award funds may be forfeit.

III. PROJECT INFORMATION

A. Eligible Projects

Applications containing projects that will achieve NOx emission reductions through all-electric or alternative fuel school bus replacements will be considered. Potential projects are described below in items III.A.1 through III.A.4.

1. Eligible Buses to be replaced must meet all of the following:
 - a. a diesel school bus or buses with engine model year (EMY) 2009 or older,
 - b. a diesel school bus or buses with a Gross Vehicle Weight Rating (GVWR) that falls within the Federal Highway Administration Vehicle Classes 4-8, and
 - c. a diesel school bus or buses in current, active service primarily within the State of Oklahoma as of the time this document is released. A vehicle in active service is considered to be a vehicle with a minimum of 3,000 annual miles traveled (within the past year).

Please Note: Eligible Buses to be replaced must be scrapped per Section VI.F of this document.

2. Eligible Replacement projects must include all of the following:
 - a. a school bus or buses operating on one of the following fuel types: All-electric, propane (LPG), or natural gas (LNG or CNG),
 - b. a replacement school bus or buses with EMY 2022 or newer,
 - c. a bus or buses with GVWR Class 4-8 of the same or lesser GVWR than the Eligible Bus, and
 - d. a bus or buses which operate primarily within the State of Oklahoma
3. Optional project cost may include:
 - a. All-electric vehicle replacements may include the cost of charging infrastructure and charging infrastructure installation.
4. Optional right-sizing:
 - a. An Eligible Bus of any size may be replaced with a bus of smaller size, and/or lower GVWR. If an Eligible Bus is replaced with a new bus of lower GVWR, this will be considered “right-sizing” and points will be given to the application during the ranking process.

B. Match Requirements

In order to be eligible for an award, all applicants will be required to provide matching funds according to guidelines listed below. Any project income, such as money from the sale of scrap, may be applied towards match requirements. If applicable, the costs of charging infrastructure and labor for infrastructure installation may also be applied towards match requirements.

For all projects, applicants who offer a higher percentage of matching funds on their application will be more likely to receive awards than other applicants offering lower percentages of matching funds.

Awarded funds will be provided in the form of reimbursements after the project has been completed, all necessary support documents have been submitted, and all requirements met.

1. For **non-government** owned school buses, beneficiaries may be reimbursed in the amount of:
 - a. Up to 25% of the cost of a new alternative fueled (natural gas (CNG, LNG), propane/LPG) vehicle.
 - b. Up to 50% of the cost of a new all-electric vehicle, including charging infrastructure associated with the new all-electric vehicle.

2. For **government** owned eligible school buses, beneficiaries may be reimbursed in the amount of:
 - a. Up to 75% of the cost of a new alternative fueled (natural gas (CNG, LNG), propane/LPG) vehicle.
 - b. Up to 75% of the cost of a new all-electric vehicle, including charging infrastructure associated with the new all-electric vehicle.

Table 1: Maximum Reimbursement Amount (Percentage)

75%	<p><u>Government</u> owned:</p> <ul style="list-style-type: none"> • Natural gas (CNG, LNG) • Propane (LPG) • All-electric & associated charging infrastructure
50%	<p><u>Non-government</u> owned:</p> <ul style="list-style-type: none"> • All-electric & associated charging infrastructure
25%	<p><u>Non-government</u> owned:</p> <ul style="list-style-type: none"> • Natural gas (CNG, LNG) • Propane (LPG)

IV. PROJECT PERIOD

Upon selection of successful applicants, DEQ will announce funding recipients. These recipients will receive an award packet with documents necessary for the project such as the Memorandum of Agreement (MOA). The recipient will first need to read, initial, and sign the MOA, which must be returned to DEQ for final execution. Once DEQ finalizes the MOA, the recipient will receive a copy of the final MOA, a Purchase Order, and an official Notice to Proceed that signals the beginning of the project. Please note that until recipients receive this Notice to Proceed, they are not permitted to begin work on their approved project and any funds spent prior to official notification will not be reimbursed.

All projects should begin as soon as possible after receipt of the Notice to Proceed. Vehicles should be replaced, and all required paperwork submitted by close of business September 1, 2025; extensions to this deadline will only be granted based on a demonstrated need and must be approved in writing by DEQ prior to the project deadline. Requests for extension must be submitted to DEQ by close of business, 4:30 pm CST, August 1, 2025.

V. AWARD SELECTION AND RANKING CRITERIA

Final selection will be based on a group of evaluation criteria selected to achieve demonstrable reductions of NOx emissions, and to reduce impacts of such emissions on Oklahoma populations. Scoring guidelines are included in Appendix A. Each application will be ranked according to the following evaluation criteria, in no particular order.

- A.** Priority will be given to projects within counties that are in potential non-attainment of National Ambient Air Quality Standards (NAAQS), counties with the highest mobile-source NOx emission rankings for Oklahoma as provided in the 2017 National Emissions Inventory (2017 NEI), and counties containing greater than 1% of the State's registered Volkswagen settlement Subject Vehicles. These counties include Canadian, Cleveland, Comanche, Creek, Grady, Garfield, Lincoln, Logan, McClain, Muskogee, Oklahoma, Okmulgee, Osage, Ottawa, Pawnee, Payne, Pottawatomie, Rogers, Tulsa, Wagoner, and Washington.
- B.** Projects achieving greater emissions reductions per dollar will receive priority over projects with lesser emissions reductions. Emissions reductions will be calculated by DEQ utilizing data compiled from the submitted application. The program used for calculating emissions is the Argonne Heavy-Duty Vehicle Emissions Calculator:
<https://afleet-web.es.anl.gov/hdv-emissions-calculator/>
- C.** DEQ encourages the use of leveraged funds to enhance and expand proposed projects. Proposals with higher percentages of match funds will receive higher rankings during the evaluation process.
- D.** Projects affecting older Eligible Buses receive priority over projects with newer Eligible Buses.

- E.** Projects that are right-sizing a vehicle will receive priority over other projects. Details can be found in Section III.A.4 of this document.
- F.** Applications providing thorough explanations and relevant details of the project may be scored higher.
- G.** Projects that are **not** located in counties of concern, as listed in Section V.A, may receive points if they are located in general proximity to areas that have proportionately higher than average traffic from diesel engines. These areas include:
 - 1. The I-40, I-35, and I-44 traffic corridors
 - 2. Truck stops
 - 3. Ports
 - 4. Rail yards
 - 5. Terminals of freight or passenger lines
 - 6. Construction sites
 - 7. Bus Depots/yards
 - 8. Distribution centers
- H.** Projects affecting a greater number of Eligible Buses will receive priority over projects affecting a lesser number of Eligible Buses.
- I.** Projects affecting an Eligible Bus or Buses with more annual miles travelled will receive priority over Eligible Bus or Buses with fewer annual miles travelled.
- J.** Projects to initiate first-time alternative fuel use within a fleet (fleets that currently have no other alternative fuel vehicles in their inventory) will receive priority over projects affecting other fleets.

VI. ADDITIONAL REQUIREMENTS FOR REIMBURSEMENT

The following requirements need not be in place at the time of application but must be met prior to project reimbursement and receipt of award funds.

A. Idle Reduction Policy

Successful applicants shall implement a fleet-wide idle reduction policy. Unnecessary vehicle idling pollutes the air, wastes fuel, and causes excess engine wear. Reduced idling saves money for fleets. Idling should be limited to the engine manufacturer's 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 provide a copy of the idle reduction policy and/or thoroughly describe the specifics of the policy.

B. Competitive Bidding

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 2 CFR Parts 200 and 1500, as applicable, as well as any regulations covered by state, local, or internal procurement requirements. To the maximum extent practicable, applicants must conduct contracting and purchasing of equipment in a manner that promotes free and open competition. 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. Naming a specific contractor or consultant in the application does not relieve the applicant of the obligation to comply with competitive procurement requirements and any regulations covered by federal, state, local, or internal procurement requirements, should the application be approved. Applicants must describe their competitive bid process in the application.

C. Reporting

Semiannual reporting may be required from the project start date until the project is completed and project funds are received. More information on semiannual reporting, including deadlines and report templates, will be provided to recipients after award notification when necessary.

D. Memorandum of Agreement (MOA)

Upon awarding the grants, the recipient must enter into an MOA with DEQ committing to the terms of the award, as detailed in Sections IV and VII. This agreement will establish project timelines, the reimbursement process, reporting requirements, ensure the grant recipient will adhere to the competitive bid/procurement process, and other applicable information.

E. Unique Entity ID (UEI) Registration

As of April 4, 2022, the DUNS Number has been replaced by the Unique Entity ID (UEI); more information on this transition is available here: <https://sam.gov/content/duns-uei>. All Awardees

must have registered/renewed with the System for Award Management (SAM) and have a registered Unique Entity ID (<https://sam.gov/content/entity-registration>).

F. Scrappage Requirements

All Eligible Buses for replacement must be scrapped and proof of scrappage must be supplied as part of the reimbursement paperwork. “Scrapped” is defined as having a greater than three-inch hole drilled through the engine block and cutting both frame rails. Other methods of scrappage may be considered on a case-by-case basis. Any other method of scrappage must be approved by DEQ prior to scrappage, occur within the project period, and completely disable the body and engine of the Eligible Bus.

VII. FUNDING INFORMATION

A. Amount of Funding Available

DEQ has approximately \$1,000,000 available under this announcement.

B. Funding Structure

Funding will be in the form of reimbursement upon receipt of invoice(s) from the subgrantee. The applicant must have been awarded the funding via an executed MOA with DEQ in order to receive reimbursement.

Recipient must execute the MOA with DEQ and receive a Notice to Proceed before beginning any work on the project. Any funds spent by the recipient before official notification will not be reimbursed.

The applicant is responsible for financing the project and will be reimbursed for the award amount specified in the signed MOA with DEQ. Without a fully executed MOA in place, the applicant assumes all costs for the purchases and installation.

In order to be reimbursed with award monies, selected applicants must complete the entire project using their own capital, submit all required supporting documents to DEQ, and fulfill any other requirements as listed in their MOA. DEQ staff will do a review to ensure that requirements have been met before submitting the approved reimbursement request for payment. After reimbursement has been approved, it may take up to 45 days for DEQ to process the payment.

C. Partial Funding

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

D. Matching Funds from Other Programs

Volkswagen settlement funds awarded pursuant to this grant solicitation can be used as a match for another funding assistance program, such as a federal grant, if specifically allowed under the other funding assistance program. If an applicant intends to use federal grants or any other funding assistance program monies as a match for this funding opportunity, such intent must be stated on their project application. In addition, the applicant must provide confirmation that the other funding assistance monies are allowed to be used as a match for Volkswagen settlement funds as an attachment to the project application. Volkswagen settlement funds must be specifically named in the provided confirmation. Acceptable forms of written confirmation are official documents supporting the other funding assistance program and issued by the administrator of the program, such as FAQs, grant solicitations, or guidance documents.

VIII. APPLICATION AND SUBMISSION INFORMATION

A. Deadline Information

Final Application Deadline: The deadline for all applications is 4:30 pm CST January 13, 2023. Applications may be submitted electronically or by hardcopy submission. See below for more details on application submission.

B. Submission Information

Applications can be found at: <https://www.deq.ok.gov/air-quality-division/volkswagen-settlement/alternative-fuel-school-bus-program/>

Applicants may submit their application by either **hardcopy** submission to the address below, or **electronically** via email to vwsettlement@deq.ok.gov. Submitting an application package does not guarantee funding.

Oklahoma Department of Environmental Quality
Air Quality Division
ATT: Alternative Fuel School Bus Program
707 N. Robinson
P.O. Box 1677
Oklahoma City, OK 73101-1677

For questions on the application, grant solicitation, or associated concerns, contact:

VWSettlement@deq.ok.gov
(405) 702-4100

APPENDIX A: Project Scoring Guidelines

Note: If more than one Eligible Bus is affected by a single project application, points given in any criteria category will be based on an average calculated from all Eligible Buses.

CRITERIA	PRIORITY
<u>Cost Effectiveness</u> : NOx reduction/award \$ <i>(Greater NOx reduction/award dollar will receive more points)</i>	Highest
<u>Cost Effectiveness</u> : Leveraged/Matching funds <i>(Greater percentage of matching funds will receive more points)</i>	High
<u>BMP Target Area</u> : County is Prioritized in BMP <i>(See Section V.A of Grant Solicitation)</i>	Moderate
<u>BMP Target Area</u> : Areas receiving disproportionately high diesel traffic as listed in Section V.G of Grant Solicitation may receive points ONLY IF points are not given above for being located in a prioritized county.	Moderate
Age of Eligible Bus/Buses <i>(Older Eligible Bus/Buses will receive more points)</i>	Low
Annual Miles Traveled of Eligible Bus/Buses <i>(More annual miles traveled will receive more points)</i>	Low
Right-Sizing <i>(See Section III.A.4 of Grant Solicitation)</i>	Low
First-time use of alternative fuel <i>(Projects funding the first alt. fuel bus in a fleet will receive more points)</i>	Slight
Project Size <i>(Projects affecting a greater number of buses will receive more points)</i>	Slight
Excellent Detail and Completeness <i>(More complete applications may receive more points)</i>	Slight