



Oklahoma Department of Environmental Quality Volkswagen Settlement Trust Non-Road Grant Solicitation

**Application
Deadline
Sept 30, 2023**

PROGRAM SUMMARY

The Oklahoma Department of Environmental Quality (DEQ) will use approximately \$3,500,000 from the Oklahoma Volkswagen Settlement Trust (Trust) to implement a reimbursement program to replace or repower eligible Non-Road vehicles. The goal of this program is to reduce nitrogen oxide (NOx) emissions by replacing or repowering older equipment with newer diesel, alternative fuel, or electric powered equipment. This is a competitive funding opportunity available to government and non-government applicants seeking to improve their Non-Road equipment. A cost-share is required for funding under this program.

APPLICATION PROCESS

This document describes the requirements for the Non-Road Program. By submitting a complete application, the applicant is agreeing to the contents of this document. A separate application must be completed for each category as described in the 'Program Eligibility' section of this document. An application may include multiple pieces of equipment and/or fuel types within a specific category. A partial application of one or more projects may be awarded. All required information and documentation must be received before the application deadline for the application to be considered complete. Incomplete applications will not be evaluated. Applications must be received by **4:00 pm on September 30, 2023**.

Applications will be evaluated and scored as outlined in the "Application Evaluation" section below. After application evaluation and approval of all required documentation, applicants will be notified of their grant award status. Successful applicants will receive a pre-award packet containing the *Memorandum of Agreement* (MOA) and other necessary documents. This packet is **not** an approval to begin the project. Delivery of the pre-award packet may take a few months while DEQ acquires the funding approval from the Trust. The applicant will need to read, initial, and sign the MOA and then return it to DEQ for final execution. After DEQ finalizes the MOA, the applicant will receive an official award packet containing a copy of the final MOA, a *Notice to Proceed letter* and a Purchase Order. Project work must not begin before receiving this *Notice to Proceed* and any funds spent prior to this official notice will not be reimbursed. Projects must be completed by June 30, 2026. 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 4:00 pm on May 31, 2026. Upon completion of the project and receipt by DEQ of all required documentation, reimbursement will be made.

Applications can be found at: <https://www.deq.ok.gov/air-quality-division/volkswagen-settlement/non-road-program/>

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

Oklahoma Department of Environmental Quality
Air Quality Division
ATT: Non-Road Program
707 N. Robinson
P.O. Box 1677
Oklahoma City, OK 73101-1677

For questions regarding the Non-Road Program, contact:
VWSettlement@deq.ok.gov Or (405) 702-4100

DEFINITIONS

“Airport Ground Support Equipment” shall mean vehicles and equipment used at an airport to service aircraft between flights.

“All-Electric” shall mean powered exclusively by electricity provided by a battery, fuel cell, or the grid.

“Alternate Fueled” shall mean an engine, or a vehicle or piece of equipment that is powered by an engine, which uses a fuel different from or in addition to gasoline fuel or diesel fuel (e.g., CNG, propane, diesel-electric Hybrid).

“Certified Remanufacture System or Verified Engine Upgrade” shall mean engine upgrades certified or verified by EPA or CARB to achieve a reduction in emissions.

“CNG” shall mean Compressed Natural Gas.

“Forklift” shall mean nonroad equipment used to lift and move materials short distances; generally includes tines to lift objects. Eligible types of forklifts include reach stackers, side loaders, and top loaders.

“Freight Switcher” shall mean a locomotive that moves rail cars around a rail yard as compared to a line-haul engine that moves freight long distances.

“Generator Set” shall mean a switcher locomotive equipped with multiple engines that can turn off one or more engines to reduce emissions and save fuel depending on the load it is moving.

“Government” shall mean a State or local government agency (including a school district, municipality, city, county, special district, transit district, joint powers authority, or port authority, owning fleets purchased with government funds), and a tribal government or native village. The term “State” means the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

“Hybrid” shall mean a vehicle that combines an internal combustion engine with a battery and electric motor.

“Infrastructure” shall mean the equipment used to enable the use of electric powered vehicles (e.g., electric vehicle charging station).

“Intermodal Rail Yard” shall mean a rail facility in which cargo is transferred from drayage truck to train or vice-versa.

“Port Cargo Handling Equipment” shall mean rubber-tired gantry cranes, straddle carriers, shuttle carriers, and terminal tractors, including yard hostlers and yard tractors that operate within ports.

“Repower” shall mean to replace an existing engine with a newer, cleaner engine or power source that is certified by EPA and, if applicable, CARB, to meet a more stringent set of engine emission standards. Repower includes, but is not limited to, diesel engine replacement with an engine certified for use with diesel or a clean alternate fuel, diesel engine replacement with an electric power source (e.g., grid, battery), diesel engine replacement with a fuel cell, diesel engine replacement with an electric generator(s) (genset), diesel engine upgrades in Ferries/Tugs with an EPA Certified Remanufacture System, and/or diesel engine upgrades in Ferries/Tugs with an EPA Verified Engine Upgrade. All-Electric and fuel cell Repowers do not require EPA or CARB certification.

“Scrapped” shall mean to render inoperable and available for recycle, and, at a minimum, to specifically cut a 3-inch hole in the engine block for all engines. If any Eligible Vehicle will be replaced as part of an Eligible project, Scrapped shall also include the disabling of the chassis by cutting the vehicle’s frame rails completely in half.

“Tier 0, 1, 2, 3, 4” shall refer to corresponding EPA engine emission classifications for nonroad, locomotive, and marine engines.

“Tugs” shall mean dedicated vessels that push or pull other vessels in ports, harbors, and inland waterways (e.g., tugboats and towboats).

PROGRAM ELIGIBILITY

Any government or non-government entity may apply for Non-Road Program funding. The eligible equipment must be operational and used in Oklahoma for the preceding two (2) years. The eligible equipment must not be scheduled to be replaced under normal attrition. Repowered or replacement equipment must perform the same function and operate in the same area as the old equipment. The repowered or replacement equipment must be operated in Oklahoma for at least five (5) years. The replacement equipment must be of the model year in which the project occurs or one model year prior. The equipment being replaced must be scrapped as outlined later in this document. The following equipment categories are eligible for funding consideration.

Freight Switchers (Category 3)

- Eligible Freight Switchers include pre-Tier 4 switcher locomotives that operate 1000 or more hours per year.
- Eligible Freight Switchers may be Repowered with any new diesel or Alternate Fueled or All-Electric engine(s) (including Generator Sets) or may be replaced with any new diesel or Alternate Fueled or All-Electric (including Generator Sets) Freight Switcher, that is certified to meet the applicable EPA emissions standards as published in the CFR for the engine model year in which the Eligible Freight Switcher Mitigation Action occurs.

Ferries/Tugs (Category 4)

- Eligible Ferries and/or Tugs include unregulated, Tier 1, or Tier 2 marine engines.
- Eligible Ferries and/or Tugs may be Repowered with any new Tier 3 or Tier 4 diesel or Alternate Fueled engines, or with All-Electric engines, or may be upgraded with an EPA Certified Remanufacture System or an EPA Verified Engine Upgrade.

Airport Ground Support Equipment (Category 7)

- Eligible Airport Ground Support Equipment includes:
 - Tier 0, Tier 1, or Tier 2 diesel powered airport ground support equipment; and
 - Uncertified, or certified to 3 g/bhp-hr or higher emissions, spark ignition engine powered airport ground support equipment.
- Eligible Airport Ground Support Equipment may be Repowered with an All-Electric engine or may be replaced with the same Airport Ground Support Equipment in an All-Electric form.

Forklifts and Port Cargo Handling Equipment (Category 8)

- Eligible Forklifts includes forklifts with greater than 8000 pounds lift capacity.
- Eligible Forklifts and Port Cargo Handling Equipment may be Repowered with an All-Electric engine or may be replaced with the same equipment in an All-Electric form.

ELIGIBILITY EXCLUSIONS

The following items are not eligible for funding under this program.

- Administrative costs
- Matched funds for other funding programs unless the other funding program specifically allows it
- Costs associated with scrappage of old equipment
- Costs not integral to the function of the new equipment
- Costs for infrastructure to support new vehicle
- Costs for electric charging stations
- Costs for operating and/or maintaining new equipment
- Retrofit engines
- Previously used equipment
- Rebuilt or remanufactured equipment or engines

AWARD AMOUNTS

The table below contains the maximum percentage of cost allowed for reimbursement per project.

Non-Road Program Maximum Percentage of Reimbursable Cost						
Category	Government			Non-Government		
Freight Switchers (Category 3)	Diesel	Alt Fuel	Electric	Diesel	Alt Fuel	Electric
Replace	75%	75%	75%	25%	25%	50%
Repower	75%	75%	75%	40%	40%	50%
Ferries/Tugs (Category 4)	Diesel	Alt Fuel	Electric	Diesel	Alt Fuel	Electric
Replace						
Repower	75%	75%	75%	40%	40%	50%
Airport Ground Support Equip (Category 7)						
Replace			75%			50%
Repower			75%			50%
Forklifts and Port Cargo Handling Equipment (Category 8)						
Replace			75%			50%
Repower			75%			50%

Trust 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 the project application. In addition, the applicant must provide confirmation that the other funding assistance monies are allowed to be used as a match for Trust funds as an attachment to the project application. Trust 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.

APPLICATION EVALUATION

This is a competitive funding opportunity with a goal of cost-effectively reducing NOx emissions. All complete and eligible applications will be evaluated and scored based on the information provided in the application. Specific criteria will be given a point scale. All points will be summed for a total application score. After the applications are scored, they will be ranked by highest score and those with the highest score will be awarded. Scoring will be based on the following criteria and priority.

Cost Effectiveness—High Priority

Projects will be prioritized by the lowest program cost per ton of NOx reduced. Cost is the amount of funding being requested for the equipment. NOx reduction is calculated using the Environmental Protection Agency's (EPA) Diesel Emissions Quantifier (DEQ) tool (<https://cfpub.epa.gov/quantifier/index.cfm?action=main.home>) or Argonne National Laboratory's AFLEET Tool 2020 (<https://greet.es.anl.gov/afleet>). The equipment parameters provided in the application will be used as inputs for the calculation. The lower the cost per NOx reduction, the higher the points awarded.

Geographic Area of Burden—High Priority

Counties within Oklahoma will be assigned points based on negative impacts of NOx emissions. Priority will be given to projects within:

1. Counties that are in the Oklahoma City and Tulsa Metropolitan Statistical Areas and are in potential non-attainment of National Ambient Air Quality Standards
2. Counties with the highest mobile-source NOx emission rankings for Oklahoma as provided in the 2017 National Emissions Inventory
3. Counties containing greater than 1% of the State's registered Volkswagen Settlement Subject Vehicles

Matching Funds—Medium Priority

Points will be awarded for projects providing higher than minimum matching funds.

Project Benefits if NOT in a Priority County—Medium Priority

Points will be awarded for project benefits that have not been awarded points through the items listed above. Projects that are **not** located in counties of concern 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

Organization Type—Medium Priority

Government entities will be given priority with additional points awarded.

Project Ability—Low Priority

Points will be awarded for the ability to manage and complete the project. Timelines, resources and experience will be considered.

APPLICATION REQUIREMENTS

Applicants must complete and provide the items listed below as part of the application process. Items not received by deadlines will void the application. Registration with the State of Oklahoma as a vendor/supplier is required. If not already registered, this can be done at: <https://oklahoma.gov/omes/services/purchasing/supplier-portal.html>

Application attachments

The following items must be included with the application submittal.

- Vendor quotes—detailed and itemized cost estimates for each equipment/engine
- Idle reduction policy—company document describing efforts to reduce idling
- A completed IRS form W-9
- Proof of ownership and location of use (inventory/asset list, title, registration, receipt...)
- Old equipment photos
 - Photos of the front, rear, right side and left side, including tires, of the equipment being replaced
 - Photos of the equipment fleet number or name
 - Photos of the equipment identification information; including Serial Number, Make, Model, Year, GVWR
 - Photos of the entire engine
 - Photos of the engine identification information; including Make, Model, Year, EPA engine family name, Horsepower, and Serial number

New equipment documentation

Within sixty (60) days of delivery and acceptance of the new equipment, the applicant must provide the following documentation.

- Photos of the front, rear, right side and left side, including tires, of the new replacement equipment
- Photos of the new replacement equipment fleet number or name
- Photos of the new equipment clearly showing current registration if applicable
- Photos of the equipment identification information; including Serial Number, Make, Model, Year, GVWR
- Photos of the entire engine
- Photos of the engine identification information; including Make, Model, Year, EPA engine family name, Horsepower, and Serial number
- Copy of invoice showing proof of payment and indicating paid in full

Scrappage

The eligible equipment being replaced must be scrapped within sixty (60) days of receiving the new equipment. Within fourteen (14) days of disabling the equipment, photos documenting the disabling must be provided to DEQ. Photos must include the equipment after disabling and must also clearly show identifying serial numbers. At a minimum, a three-inch hole will be drilled through the engine block and the chassis/frame will be disabled by cutting both rails in half. 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 equipment. Any parts from the old equipment may be salvaged for reuse or sold as scrap.

AWARD CONDITIONS

Notification

DEQ will notify all applicants once applications have been scored and potential projects have been selected. Notifications to successful applicants will indicate the evaluation process is complete and the project(s) is being considered for award. **This initial notification, which advises that the applicant's proposed project has been recommended for award, is not an authorization to begin the project. The formal notification of award, which will be the Notice to Proceed, is the only document that authorizes commencement of the project.** The pre-award packet containing the MOA and other material may not be provided until three to five months after the initial notification. This gap of time must be allowed for DEQ to acquire the funding from the Trust.

Memorandum of Agreement

The awardees will receive a pre-award packet with documents necessary for the project including the MOA. To receive funding, the recipient must commit to the terms of the award by entering into a MOA with DEQ. The MOA will establish project timelines, the reimbursement process, reporting requirements, record retention requirements, and other applicable information. The recipient will first need to read, initial, and sign the MOA, which must be returned to DEQ within fourteen (14) days. Once DEQ finalizes the MOA, the recipient will receive a copy of the final MOA, a Purchase Order, and the 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. Without a fully executed MOA in place, the applicant assumes all costs for the purchases and installation.

Payment

The applicant is responsible for financing the project and will be reimbursed for the lesser of the award amount specified in the signed MOA or the approved total on the reimbursement request. To be reimbursed, selected applicants must complete the entire project, submit all required supporting documents to DEQ, and fulfill any other requirements as listed in their MOA. Within sixty (60) days after scrappage, the applicant must submit a completed request for reimbursement form. DEQ staff will do a review to ensure that requirements have been met before approving payment. Applicants must be eligible to receive grant funds, which includes no outstanding tax liens or other holds. After reimbursement has been approved, it may take up to forty five (45) days for DEQ to process the payment.

Reporting and recordkeeping

The awardee must submit semiannual reports to DEQ for the duration of the project. Reports are due by 4 PM Central Time on December 15 and June 15. The applicant must retain financial records, supporting documents, and other records pertinent to the award for the five (5) years the equipment is required to be in operation. DEQ may visit the project site(s) for award compliance at any time until the project is closed.

EXAMPLE TIMELINE

September 30, 2023	Application deadline
November, 2023	Notification of potential award
April, 2024	Pre-Award packet with MOA to sign
14 days after Pre-award packet	Signed MOA sent to DEQ
May, 2024	Notice to Proceed packet
June, 2024	Order new vehicle
June 15, 2024	Semiannual report
December 15, 2024	Semiannual report
June 15, 2025	Semiannual report
December 15, 2025	Semiannual report
60 days after new vehicle delivery	Scrappage of old vehicle and documentation of new vehicle
14 days after scrappage	Documentation of scrappage
60 days after scrappage	Reimbursement request submitted
45 days after reimbursement request	Payment
June 30, 2026	Project completion deadline