



**Diesel Emissions Reduction Grant (DERG) Program
for Ohio Public Transit Agency Diesel Powered Bus
Replacement of Public Transit Buses**

**Request for Proposals
August 10, 2017**

The State of Ohio Environmental Protection Agency (Ohio EPA) is soliciting proposals from Ohio Public Transit System diesel powered fleet owners that will undertake replacement of transit buses in ways that will significantly reduce diesel emissions in eligible Ohio counties

Ohio EPA
Diesel Emissions Reduction Grant Program
Office of Environmental Education
50 W. Town St. Suite 700
Columbus, OH 43215
Email: derg@epa.ohio.gov
Website: <http://epa.ohio.gov/oeef/derg.aspx>

Ohio Diesel Emissions Reduction Grant (DERG) Program For Replacement of Public Transit Buses

Table of Contents

SECTION 1: REQUEST FOR PROPOSALS (RFP) OVERVIEW

- 1.1 RFP Time Table

SECTION 2: PROGRAM REQUIREMENTS

- 2.1 Fund Reimbursement Policy
- 2.2 Twenty Percent Match Requirement
- 2.3 Buy America
- 2.4 Record Maintenance
- 2.5 Non-Performance

SECTION 3: APPLICATIONS

- 3.1 Project Application
- 3.2 Communication and Inquiries

SECTION 4: ELIGIBILITY

- 4.1 Project Type
- 4.2 CMAQ Program Eligibility
- 4.3 Ineligible Costs

SECTION 5: REPLACEMENT VEHICLE PROJECTS

- 5.1 Vehicle Replacement

SECTION 6: PROJECT SELECTION CRITERIA

SECTION 7: GENERAL REQUIREMENTS

- 7.1 Cost of Proposal
- 7.2 Confidentiality

SECTION 8: APPENDICES

- Appendix A: Applicant Certification Statement
- Appendix B: DERG Fleet Data Reporting Spreadsheet
- Appendix C: Map of CMAQ Eligible Counties and Townships in Ohio
- Appendix D: Diesel Vehicle/Equipment Useful Life Guidelines

SECTION 1: REQUEST FOR PROPOSALS (RFP) OVERVIEW

1.1 RFP Time Table

Release of RFP: Thursday August 10, 2017
Applicant Conference Calls: Wednesday August 30, 2017, 10:00 a.m.
Tuesday September 12, 2017 1:00 p.m.
Users dial in to 1-877-283-0007 and enter conference meeting ID 5424566
Deadline to Submit Proposals: **Friday September 15, 2017, 5:00 p.m.**
Announcement of Awards: December 1, 2017

The Ohio Environmental Protection Agency (Ohio EPA) in partnership with the Ohio Department of Transportation (ODOT) announces the eighth round of the Diesel Emissions Reduction Grant (DERG) Program. Invited to apply are all Ohio Public Transit System diesel powered fleet owners that are eligible to receive Federal Transit Administration (FTA) grants, for the purpose of emissions reductions in Ohio CMAQ eligible areas. A map of eligible Ohio counties and townships is provided in Appendix C of this document.

DERG Program funding is made available through the Ohio Department of Transportation FHWA CMAQ Program federal appropriation fund. Ohio EPA and ODOT reserve the right to rescind or revise this RFP depending upon the availability of federal funds. Projects selected for award through this eighth round of the DERG Program will be financed via FTA transfers. Awarded projects cannot commence until all FTA Grant Management requirements have been met, which can take several months.

DERG funds may not be used to reimburse grant recipients for any grant expenses, including equipment purchased, prior to the FTA transfer grant being fully executed.

The DERG Committee reserves the right to adjust the dates listed above, for whatever reasons it deems appropriate. The Committee also reserves the right to request additional information to assist in the review process; to reject any and all applications and make no awards under this program or make fewer and smaller awards than anticipated; or to fund partial projects.

The total funding available for this competitive funding cycle is **\$10,000,000** in federal CMAQ funds, to **be allocated to public transit vehicle replacement projects** in keeping with the recommendations and needs identified by ODOT in the Ohio Statewide Transit Study of 2015. **DERG applications will be considered for projects requesting at least fifty thousand dollars (\$50,000) and not more than two million dollars (\$2,000,000) in federal funds. Applications requesting more than the \$2 million cap will not be considered.**

SECTION 2: PROGRAM REQUIREMENTS

2.1 Fund Reimbursement Policy

DERG is a reimbursement program and applicants must provide non-federal funding to cover expenses as they are incurred. Projects selected for funding will then be reimbursed *up to the amount authorized for that project* upon proper documentation that eligible expenses have already been paid by the awardee.

2.2 Twenty Percent Match Requirement

For projects that are selected, up to eighty percent (80%) of allowable project costs may be eligible for reimbursement from CMAQ funds, and only for allowable equipment purchases or work conducted **after** the project receives full FTA grant approval. Applicants are required to provide a minimum twenty percent (20%) in matching funds. Matching funds cannot be sourced from other federal funds or from in-kind services. Applications must include in the project scope description an explanation of the funding source that will be used to meet the match requirement. Applicants are encouraged to provide more than the minimum 20% match required, in order to score better in terms of cost effectiveness, as explained in Section 6 of this RFP.

2.3 Buy America

All DERG grant awardees must meet all applicable FTA Buy America regulations regarding steel and iron products and components.

2.4 Record Maintenance

DERG awardees will be required to maintain all financial and other project related documentation consistent with Sections 14.4 and 14.5 of the LPA Agreement. Additionally, records regarding the utilization and maintenance must be kept for the useful life of the vehicle/equipment.

2.5 Non-Performance

Applicants should not apply for a DERG grant until they have firm project scopes, firm project schedules, and firm project fiscal commitments. They should also have dedicated staff, including a Person in Responsible Charge of the project, to ensure compliance with the requirements of this guidance, delivery, and maintenance of the project. This person will also serve as the primary contact for ODOT and/or Ohio EPA to coordinate project milestones and accomplishments. ODOT and Ohio EPA will not consider or approve more than one scope change from what was included in the submitted DERG application.

If Ohio EPA determines that an awardee is not making satisfactory progress implementing the project, Ohio EPA may, in consultation with the Ohio

Department of Transportation and the US Department of Transportation, revoke the grant and reallocate the funds to another eligible project applicant.

SECTION 3: APPLICATIONS

3.1 Project Application

Applications must be submitted electronically to the Ohio Department of Transportation no later than 5:00 p.m. on September 15, 2017. Proposals must be submitted electronically to https://odot.formstack.com/forms/2017_derq. No faxed, e-mailed or hand-delivered submittals will be accepted. Late submittals will not be considered. Applicants who do not receive email confirmation of receipt of their application within one business day should call 614-644-2873 or email derq@epa.ohio.gov.

Those who are awarded a grant under this program may submit a new proposal during a subsequent grant cycle. Each new proposal will be reviewed based upon the criteria set forth in these guidelines, and in relation to the quality of other proposals received during the same grant cycle.

3.2 Communication and Inquiries

Prior to the deadline for submission, two conference calls have been scheduled for questions from prospective applicants, on the dates indicated in section 1.1 of this RFP. Answers to frequently asked questions from prospective applicants and questions discussed on these calls will be posted on Ohio EPA's DERG Website at: <http://epa.ohio.gov/oeef/derg.aspx>. Prospective applicants are also encouraged to contact program staff members Alan.Harness@epa.ohio.gov at (614) 644-4838 with technology questions, or Carolyn.Watkins@epa.ohio.gov at (614) 644-3768 with financial questions.

SECTION 4: ELIGIBILITY

4.1 Project Type

Projects eligible for funding under this DERG application cycle include the replacement of diesel powered transit buses operated by public transit diesel fleet owners eligible to receive grants from the Federal Transit Administration (FTA) in eligible Ohio counties. Projects funded under this program must affect surface transportation system travel consistent with the FHWA's CMAQ Interim Program

Guidance under MAP-21 issued November 12, 2013.¹⁴– Projects must result in reductions of oxides of nitrogen (NOx) and/or fine particulate matter (PM_{2.5}) emissions from pollutant sources

Projects must utilize engine systems certified by the United State Environmental Protection Agency (USEPA) and/or emission reduction or idle reduction technologies that have been verified by US EPA or the California Air Resources Board (CARB).

4.2 CMAQ Program Eligibility

Prior to final project selection by the DERG committee, the FTA must issue a formal CMAQ program eligibility determination on each proposed project. FHWA's eligibility determinations are based on documentation project sponsors prepare describing the project scope, its consistency with FHWA's CMAQ program eligibility guidance¹, and a quantitative analysis of the mobile source emission reductions that will result from project implementation.

CMAQ program eligibility documentation includes the following items:

- Narrative description of the project scope;
- Narrative description of project's consistency with FHWA/FTA CMAQ eligibility guidance;
- Project location;
- Project cost;
- Project sponsor; and
- Specific engine and fleet data to make it possible for Ohio EPA to generate a quantitative analysis of mobile source emission reductions in tons/year resulting from project implementation using USEPA's Diesel Emission Quantifier (DEQ) tool at <https://www.epa.gov/cleandiesel/diesel-emissions-quantifier-deq> or appropriate manual calculations. Ohio EPA will perform the calculations and, if deemed acceptable, will apply the most appropriate emission factors to all comparable projects under consideration for funding in the same grant cycle in order to make funding recommendations.

Note: If applicants wish to run the DEQ analysis for themselves, choose “No” to the following question: “Do you want to estimate the total cost effectiveness of the project?” Cost-effectiveness for purposes of DERG awards will instead be calculated using the procedure described below.

Cost-Effectiveness: For the purpose of this program, cost-effectiveness shall be

¹FHWA's CMAQ program guidance is available at http://www.fhwa.dot.gov/environment/air_quality/cmaq/policy_and_guidance/2013_guidance/index.cfm

calculated by the cost of the federal share (grant award amount) of the project and dividing by the sum total of the annual NOx and PM_{2.5} emission reductions (tons/year), as determined by the DEQ analysis or manual emission reduction calculations using US EPA approved emission factors.

DERG Cost-Effectiveness = Federal Share of Project Cost/Sum Total of NOx & PM_{2.5} Emission Reductions.

For those projects involving a complete vehicle replacement the total project cost shall be based on the complete cost of the entire vehicle (i.e., engine and chassis).

Equipment must be operated in CMAQ-eligible areas of Ohio for at least sixty-five percent (65%) of the time. Grant *applicants* should show in the project narrative that the vehicles proposed for replacement have been registered (if applicable) and operating within Ohio for the most recent year. Written records must be maintained with the owner/operator of the approved project for a minimum 5 years.

A map of CMAQ-eligible Ohio counties and townships is included in Appendix C of this RFP.

Ohio CMAQ-eligible counties (or parts of counties). A project must be located in at least one of these counties or geographic locations (in the case of partial counties) in order to be considered for CMAQ funding			
Adams (p)	Cuyahoga	Lake	Portage
Allen	Delaware	Lawrence	Scioto
Ashtabula	Fairfield	Licking	Stark
Belmont	Franklin	Lorain	Summit
Butler	Gallia (p)	Lucas	Trumbull
Clark	Geauga	Madison	Warren
Clermont	Greene	Mahoning	Washington
Clinton	Hamilton	Medina	Wood
Columbiana	Jefferson	Miami	
Coshocton (p)	Knox	Montgomery	
(p) = partial PM _{2.5} nonattainment county			

4.3 Ineligible Costs

Ineligible costs include but may not be limited to:

- Operating expenses and fuel costs, including incremental costs of fuel.
- Any project required by any law or other legally binding agreement.
- Work done or purchases made prior to official notice of FHWA/FTA project authorization.
- Costs incurred for work or purchases not included in the approved project scope.

- Installation costs incurred from in-kind services or by an unauthorized vendor.
- Administrative costs.

SECTION 5: REPLACEMENT VEHICLE PROJECTS

Type	Description	Limitations	Maximum Funding
Vehicle/Equipment Replacement	Replacing old vehicles/equipment with new vehicles/equipment, including replacing with alternatively fueled vehicles as identified in section 301 of the 1992 Energy Policy Act	New vehicles or equipment must meet newer emission standards than old vehicles or equipment. Verification that old vehicles or equipment have not been returned to service	80% of total project cost or engine component costs subject to provisions of CMAQ and this RFP; less core or scrap value and less other governmental financial purchase contributions

5.1 Vehicle Replacement

Vehicle replacement involves permanently removing an old vehicle from service, and replacing it with a new vehicle, including alternatively fueled vehicles as identified in section 301 of the 1992 Energy Policy Act.

Transit buses must operate at least 65% of the time in Ohio CMAQ-eligible counties. Ohio EPA and ODOT will only consider applications for replacement of transit buses of model years 1996 – 2013. Applications for replacement of an existing bus with a used bus will not be considered.

In order to be eligible for funding for vehicle replacement, the grant applicant must verify that the bus to be replaced meets the Federal Transit Administration (FTA) replacement guidelines.

Grant agreements involving replacement of a full vehicle will include a provision for disposal of the engine block through an OEM or authorized remanufacturer and a process to verify the retirement of this vehicle. The grant awardee will be required to provide documentation verifying that the old vehicle has not been returned to service. Grant awardees shall complete the “DERG Original Equipment Certificate of Destruction” form posted on the DERG program Website, <http://www.epa.ohio.gov/oeef/derg.aspx>. Ohio EPA may consider requests for waivers from this engine disposal requirement for appropriate purposes, such as the donation of the replaced vehicle to a diesel engine maintenance education program at an Ohio career technical center. Waiver requests must demonstrate

that the proposed DERG project will not result in a net increase of emissions in Ohio or surrounding airsheds. Ohio EPA will not grant blanket waivers to send replaced vehicles to other states and countries.

Eligible expenses for reimbursement for vehicle replacements under this program include:

- The invoice cost of a replacement vehicle (subject to FHWA/FTA eligibility approval) including delivery charges, less scrap value of decommissioned vehicle/equipment;
- Costs to remove and dispose of fluids in the decommissioned vehicle/equipment, less any payments received for reuse of such fluids; and
- Other costs directly related to the project, subject to prior approval.

Under the DERG program, grant recipients for replacement projects will be reimbursed up to 80% of the total project cost subject to CMAQ restrictions and the DERG RFP, less the core value or scrap value and other governmental financial purchase contributions. FTA will make the final determination of what the allowable federal share of each project will be.

What should be included in the project scope description when applying for replacement vehicles?

Vehicle replacements are designed to obtain emission reductions by removing high-emitting vehicles from service, and replacing them with newer, cleaner vehicles. For replacement vehicle projects, the project scope description narrative section of the DERG application should discuss the following specific points:

- Describe the size, location, and how the project is consistent with FHWA CMAQ eligibility guidance.
- Describe the vehicle to be replaced and how, when, and where it is used. Include engine data and VIN numbers for all to-be-replaced vehicles in the fleet data spreadsheet in Appendix B.
- Describe the vehicle to be acquired and how, when, and where it will be used.
- Document that the vehicle being replaced meets FTA's vehicle replacement schedule criteria.
- Explain in detail how the applicant will demonstrate that the project meets the percent (%) and duration (years) of vehicle operation in the Ohio CMAQ-eligible counties.
- Explain how the applicant will ensure that the original vehicle is scrapped or remanufactured;
- If a commitment is being made by the applicant to use biodiesel or other alternative fuels in the diesel engine fleets, document the percent of use.
- Describe the applicable emission standard or tier level for the old and new engines, using the **certificates of conformity** issued from US EPA to the

engine manufacturer. The certificate of conformity lists the engine family name and the engine model year. The EPA engine family name is displayed on the emission control information label on the engine. By checking the engine family names and engine model year emission standards, one can confirm the applicable emission standard or tier level.

- Provide sufficient engine and fleet data as inputs for the Diesel Emission Quantifier Tool for Ohio EPA to be able to generate mobile source emission reductions estimated to result from project implementation.
- Ohio EPA will show the complete costs, emission reduction (both PM_{2.5} and NO_x), and estimated **cost-effectiveness (\$/ton of both PM_{2.5} and NO_x removed)**, and all detailed calculations for the application.

What kind of recordkeeping will be required for replacement vehicle projects?

Grant recipients for vehicle replacement projects funded under the DERG program will be expected to keep on file the following kinds of documentation, and to produce this documentation upon request:

- Approved Fleet Data Reporting Spreadsheet for the old diesel vehicles and fleet data for the new vehicles.
- Document that each vehicle is performing its intended function and that the original vehicle(s) are fully operational and not already due for replacement.
- Document fleet turn-over practices through historic records. Document age of vehicles to be replaced and period for early retirement.
- Invoices of all completed work. Invoices for replacement vehicles should include the vehicle components and specific engine configuration installed, including the model year or tier level, and a list of all parts, including engine exhaust controls.
- Copies of EPA certificates of conformity for existing and new engine configurations.
- Evidence that the engine of the old vehicle was rendered permanently disabled or returned to the original engine manufacturer to be remanufactured to the next EPA standard. Documentation should include the engine serial number and vehicle identification number, and photos illustrating how the engine and chassis were disabled. Ohio EPA representatives may request to observe the destruction process to ensure that it is properly documented. If returned to the engine manufacturer, obtain a letter documenting that the engine is remanufactured to a more stringent EPA standard.
- Documentation of any program income earned, including the sale of original vehicle or equipment parts and record of program income generated by sale thereof.

SECTION 6: PROJECT SELECTION CRITERIA

Due to the competitiveness of the program, not all eligible projects will be approved for funding.

DERG program project applications will be evaluated consistent with the FHWA CMAQ guidance eligibility criteria and ranked consistent with the scoring parameters below. Project selection for the DERG Program will be accomplished by a committee comprised of staff from Ohio EPA and ODOT, with final project selections approved by the Ohio EPA Director. Decisions of the Director are final. Selected projects must also receive an eligibility determination from the Federal Transit Administration.

The primary evaluation of eligible applications will be based on the following parameters:

- (a) Projected emission reductions of particulate matter (PM_{2.5}) and oxides of nitrogen (NO_x), reported in tons per year.
- (b) Cost effectiveness of the emission reductions: The federal share of the total project cost described in the application will be divided by the estimated total emission reduction of PM_{2.5} and NO_x to determine the cost effectiveness of the project, in dollars per ton of reduced emissions.

Applicants are encouraged to provide a stronger local match than the minimum 20% required, in order for the project to score better in terms of cost effectiveness.

Secondary criteria considered by Ohio EPA and ODOT in making grant awards will include promoting project and fleet diversity, and geographic funding diversity. The committee may also consider an applicant's past performance on DERG- or DERA-funded projects, and the amount of DERG funding an applicant has already received. Proposals from previous DERG recipients who did not make satisfactory progress implementing their projects, as defined in Section 2.5 of this RFP, will not receive consideration. Proposals from applicants who have already received three DERG grants may receive lower priority consideration for funding.

SECTION 7: GENERAL REQUIREMENTS

7.1 Cost of Proposal

The cost of preparing and submitting proposals in response to this RFP are solely the responsibility of the applicant. The program shall not reimburse or contribute, in any way, to the cost of the preparation and delivery of the proposal.

7.2 Confidentiality

All information submitted in response to this RFP shall be public information unless a statutory exception exists which would thereby determine that the information cannot be released to the public. Any information submitted with the proposal, which the applicant feels is a trade secret must be conspicuously designated as such and shall be treated accordingly if the information is determined to be a trade secret under the laws of the State of Ohio. It is the applicant's sole duty to identify and mark such passages it deems to be trade secrets. All submitted proposals will become the property of the Ohio EPA and any information submitted in response to this RFP will not be returned to the applicant. Information on the price paid for vehicles or equipment purchased to be reimbursed with public funds from the DERG program is not eligible for trade secret protection.

SECTION 8: APPENDICES

The appendices that follow include supplemental information and forms that must be uploaded as attachments to the online DERG 2017 Application Form, at https://odot.formstack.com/forms/2017_derq