Request for Proposals
Fuel Transformation Program
Volkswagen State Mitigation Trust
School Bus Replacement Grants
Eligible Mitigation Action #2

December 19, 2018 to February 15, 2019
Electric School Buses

December 19, 2018 to October 15, 2019
Diesel and Alternate Fuel Buses

Rick Snyder, Governor

C. Heidi Grether, Director
## Contents

### I. General Grant Information

- A. Grant Description and Objectives ................................................................. 1
- B. Background Air Quality and Priority Area Information .............................. 1
- C. Eligible and Ineligible Applicants ................................................................. 2
- D. School Bus Definition and Eligible and Ineligible School Buses ............... 2
- E. Eligible Projects ......................................................................................... 3
- F. Vehicle Disablement Requirements .............................................................. 4
- G. Funding Source and Grant Amounts ............................................................ 4
- H. Funding Levels and Match Requirements and Restrictions ....................... 4
- I. Project Partners ........................................................................................... 5
- J. Emission Reduction Calculations .................................................................. 5
- K. Percent of Free and Reduced Lunches ....................................................... 5
- L. Expenses and Payment ................................................................................ 5
- M. Grant Recipient Monitoring and Reporting ................................................ 6
- N. Grant Application Evaluation ....................................................................... 6
- O. Project Clarifications/Revisions .................................................................. 6
- P. Grant Agreement .......................................................................................... 7
- Q. Online Resources ....................................................................................... 7
- R. Assistance ................................................................................................... 7
- S. Confidentiality ............................................................................................. 7
- T. Submission Deadlines .................................................................................. 7

### II. Appendices

- ....................................................................................................................... 8
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I. General Grant Information

A. Grant Description and Objectives

The Department of Environmental Quality (DEQ) is providing up to $12,961,400 in grants to assist with the replacement of old diesel school buses with new propane, compressed natural gas, diesel, hybrid, and all-electric school buses. Scrapping eligible old school buses is required to ensure that they will not be put back on the road. This is the first grant opportunity supported with Volkswagen settlement funds allocated to Michigan via the State Mitigation Trust. Of the $12,961,400 allocated to school bus replacements, up to $3,000,000 has been earmarked for the purchase of new all-electric school buses and charging stations.

The objectives of this grant are to:

- Reduce diesel emissions particularly nitrogen oxides (NOx) and fine particulate matter (PM2.5).
- Improve air quality inside school buses, outside where buses idle, and along roadways where buses travel.
- Increase protection of human health and the environment with an emphasis on school children and populations located in priority areas (areas designated as non-attainment and maintenance areas for the National Ambient Air Quality Standards).
- Incentivize the utilization of technologies that have the greatest emission reductions.

B. Background Air Quality and Priority Area Information

Air pollution resulting from diesel emissions is a serious concern with negative effects on human health and the environment. Diesel emissions can impact respiratory, cardiovascular, and neurological systems. Growing children are particularly vulnerable to the harmful effects of diesel emissions and according to the United States Environmental Protection Agency (U.S. EPA):

- Buses idling at schools can produce concentrated diesel exhaust emissions inside and outside schools.
- Diesel exhaust can cause lung damage when inhaled and has been identified as a likely cause of cancer.
- The soot and gases emitted by diesel engines are associated with:
  - Acute eye, throat, and bronchial irritation
  - Exacerbation of asthma and allergies
  - Potential interference with lung development in children

In addition to impacting human health, diesel exhaust also harms wildlife and the environment by contributing to the formation of smog, acid rain, and ground level ozone. Ground level ozone is created by chemical reactions between NOx emissions and volatile organic compounds in the presence of sunlight. Ground level ozone causes considerable damage to plants, agricultural
crops, animals, habitat, and ecosystems. Breathing ozone can trigger a variety of health problems including chest pain, coughing, throat irritation, and airway inflammation. It also can reduce lung function and harm lung tissue. Ozone can worsen bronchitis, emphysema, and asthma, leading to increased medical care.

Michigan has several areas that exceed air quality standards. These areas are defined as counties (or partial counties) that are designated non-attainment or maintenance for a National Ambient Air Quality Standard criteria pollutant.

There are currently ten counties in Michigan that are identified as air quality priority areas because they are designated as non-attainment for the 2015 ozone standard. These counties are: Wayne, Oakland, Monroe, Macomb, St. Clair, Livingston, Washtenaw, Muskegon, Berrien, and Allegan.

C. Eligible and Ineligible Applicants

Applicants eligible to apply for this grant include, but are not limited to, public and private schools, school districts, regional educational service agencies, privately-owned school bus companies under contract with a public-school district, and tribes.

Entities or individuals that are currently suspended or debarred by the State of Michigan and/or the federal government are ineligible applicants. The DEQ may also deem an applicant ineligible due to a compliance or enforcement issue, an outstanding financial liability with the state, or other legal concern.

D. School Bus Definition and Eligible and Ineligible School Buses

As defined in the Pupil Transportation Act, 1990 PA 187, a “school bus” means a motor vehicle with a manufacturer’s rated seating capacity of 11 or more passengers, including the driver, used for the transportation of preprimary, primary, or secondary school pupils to or from school-related events, or a multifunction school activity bus manufactured after September 2, 2003, as defined in 49 CFR 571.3, 49 CFR 571.108, and 49 CFR 571.131. School bus does not include a vehicle operated by a public transit agency or authority. School bus is further defined as a Class 4-8, Type A, B, C or D “bus” that is sold or introduced into interstate commerce for the purposes that include carrying students to and from school or related events on a regular basis.

An alternate fueled school bus is one that is powered by an engine that uses a fuel different from or in addition to diesel fuel (e.g., compressed natural gas, propane, diesel-electric hybrid).

School buses must meet or exceed all State of Michigan and United States Department of Transportation motor vehicle safety standards applicable to school buses.

For an old school bus to be eligible for replacement, the following requirements must be met and verified with the specified information/documentation:

- It must be diesel and have an engine model year of 2009 or older.
  - Required documentation is the Vehicle ID Number (VIN #) and model engine year.
• The entity who will be purchasing the new bus(es) must be retiring an old bus that has been owned and operated by the entity for at least the 24 months immediately prior to the date of application.
  o Required documentation is a copy of the title for the bus(es) being retired.
• It must have been in operation for at least the 24 months immediately prior to the date of application and currently operating and performing its intended function.
  o Required documentation is a copy of maintenance records specific to each bus that will be disabled.
• It must have traveled at least 6,000 miles transporting students over the 12 months immediately prior to the date of application in the geographic area described in this application.
  o Required documentation is a copy of records (such as maintenance records), specific to the bus that will be disabled, showing annual mileage over the 12 months immediately prior to the date of application.
• It must have used at least 850 gallons of fuel over the 12 months immediately prior to the date of application.
  o Required documentation is a copy of fuel records specific to each bus that will be disabled over the 12 months immediately prior to the date of application.

Ineligible school buses include the following:

• Gasoline powered buses
• Repowered school buses
• Bus replacements that are mandated under state or federal law
• New buses purchased to expand a fleet

Bus owners who receive funds to purchase new buses through this grant must register the vehicle(s) and operate them in the state of Michigan, in the geographic area specified in the application (i.e., the same geographic region as the bus that is being replaced), for at least five years after the grant agreement ends.

E. Eligible Projects

Eligible projects include the replacement of old eligible diesel school buses as described above with new school buses powered by a 2018 or newer engine model year. New buses may be alternate fuel, diesel, or all-electric. All new buses must use a U.S. EPA or California Air Resources Board (CARB) certified engine. Certified means that at the time of application submission, the equipment or vehicle, along with the technology or engine to be used in the project, are specifically identified on the U.S. EPA or CARB list by vehicle/equipment type or use, manufacturer, engine type, and engine model year. Technology changes may not be permitted after a proposal has been selected for funding. If technology compatibility issues arise, the DEQ may elect to terminate the grant agreement, at which time any spent grant funds must be returned to the State Mitigation Trust.

New buses must be the same type (Type A-D) and similar gross vehicle weight rating as the old disabled bus(es) and serve the same geographic area. If there is a difference in gross vehicle weight rating that places the new bus into a different gross vehicle weight rating class compared to the old bus, it must be justified in the application.
F. Vehicle Disablement Requirements

Eligible school buses, as described above, must have their engines and chassis permanently disabled prior to requesting reimbursement for a new bus. Permanently disabling the engine requires cutting a three-inch by three-inch hole in the engine block (the part of the engine containing the cylinders). Disabling the chassis may be completed by cutting through the frame/frame rails on each side at a point located between the front and rear axles. Permanently disabling the chassis and disabling the engine while retaining possession of the bus/equipment is an acceptable scrapping method. Permanently disabled buses may also be sold for scrap. A signed certificate of destruction and digital photos of the disabled bus(es), including the vehicle identification number, engine tag (showing serial number, engine family number, and engine model year), destroyed engine block, and cut frame rails or other structural components is required.

G. Funding Source and Grant Amounts

A total of $12,961,400 is available for school bus replacement grants with $3,000,000 of the total amount earmarked for electric school buses. All proposals should request a minimum of $20,000 in grant dollars. There is no maximum amount of grant funds that can be requested. Grants will be funded with dollars allocated to Michigan via the State Mitigation Trust in accordance with requirements in the *Environmental Mitigation Trust Agreement for State Beneficiaries* and the *Michigan Volkswagen Settlement Beneficiary Mitigation Plan*.

H. Funding Levels and Match Requirements and Restrictions

The maximum percent of grant funds allowed per new bus varies depending on the type of technology selected and whether the bus(es) are government owned, privately-owned and under a contract with a public-school district or non-government owned. Grantees are responsible for and must commit to paying expenses not covered by the grant necessary to complete the project. Documentation that the applicant has or will secure the financial resources to cover the cost of the new bus(es) must be included with the application.

Funds under this award cannot be used for matching funds in the Michigan Clean Diesel, Diesel Emissions Reduction Act (DERA) Program or other state or federal grants where prohibited. It is the grantee’s responsibility to determine if any restrictions apply to match funds from other sources.

Funds under this award cannot be used for lobbying, or intervention in state or federal regulatory or adjudicatory proceedings and cannot be used to sue the state or federal government or any other government entity. Likewise, a grantee may not use grant funds as matching funds for federal Supplemental Environmental Project Funds, or Supplemental Environmental Projects required under a consent order.

1. Funding amounts for non-government owned school buses will be:
   - Up to 25 percent of the cost of a new diesel school bus.
   - Up to 25 percent of the cost of a new alternate fueled school bus.
   - Up to 50 percent of the cost of a new all-electric school bus and charging station.
2. Funding amounts for government owned and privately-owned school buses under contract with a public-school district will be:

- Up to 25 percent of the cost of a new diesel school bus.
- Up to 40 percent of the cost of a new alternate fueled school bus.
- Up to 70 percent of the cost of a new all-electric school bus and charging station.

Grantees will need to demonstrate that adequate fueling or charging infrastructure is installed and fully functional for any alternate fuel or all-electric projects. Charging infrastructure costs are not eligible except for all-electric school bus charging stations.

Grant applicants must explain how the price for the new bus(es) will be established. The DEQ reserves the right to request copies of the grantee’s bids and bid processes, and to fund projects at a lesser percent than requested.

I. Project Partners

Grant applicants are encouraged to form partnerships to develop larger projects involving more than one bus that will result in greater emission reductions and reduce the cost per bus. However, partnerships are not required, and a single entity may apply and be eligible for grant funds. Note that while partnerships are encouraged, no single entity may submit individually and be a part of another application.

J. Emission Reduction Calculations

To calculate the emission reduction benefits from the replacement of old eligible buses with new buses, applicants must use the Argonne National Laboratory Heavy-Duty Vehicle Emissions Calculator https://afleet-web.es.anl.gov/hdv-emissions-calculator/. Data entered into the calculator must be included in the Fleet Data Sheet, and the emission reduction results must be included in the Grant Proposal Template.

K. Percent of Free and Reduced Lunches

Grant applicants are encouraged to demonstrate financial need by including the percent of students receiving free and reduced lunches as listed in the Michigan Department of Education, Center for Educational Performance, Michigan Student Data System as of January 2019. The percent used in this application should be an average of the school(s) that the buses have been serving, not the school district percentage, unless the buses will be serving the entire school district.

L. Expenses and Payment

The DEQ will direct Wilmington Trust, N.A. to reimburse the grantee for eligible costs upon completion of the approved project and after all required documentation has been received and approved by the DEQ.

Any expenses incurred before the grant agreement is executed, including the grant applicant’s expenses for preparing the application, are not eligible for reimbursement. Costs incurred from grant administration and vehicle disabling are not eligible for reimbursement.
M. Grant Recipient Monitoring and Reporting

Grantees will be required to report biannually to the DEQ on the status of their projects. Reporting shall follow the schedule outlined in the Grant Agreement Boilerplate and include a complete description of the status, development, implementation, and any modification of the project.

The DEQ may also send a usage survey and questionnaire to grantees for completion as part of the grant agreement for up to five years after the grant agreement ends. Survey information may be used to monitor compliance with grant agreement requirements, report out on effectiveness of projects, and to formulate future Request for Proposals (RFPs).

Information requested may include, but is not limited to:

- Geographic area where the vehicle was used.
- Miles driven per year.
- Amount of fuel used per year.
- Average miles per gallon.
- Annual average maintenance costs.
- Problems with technology chosen.
- Attributes of technology chosen.

The DEQ may conduct a site visit to inspect the new buses up to five years following the award.

N. Grant Application Evaluation

Grant applications will be evaluated by a panel composed of state government staff, and final decisions will be made by the DEQ. Grant applications will be evaluated based on several factors including:

- Partnerships that leverage additional funds and/or reduce project costs.
- Project location (geographic area where the old buses will be retired and where the new buses will be operating).
- Pounds of NOx, PM2.5 and other emissions reduced for the life of the bus.
- Estimated total cost of ownership of the new bus(es) (cost of new bus, plus fuel, and maintenance costs over fifteen years).
- Grant cost effectiveness (total NOx emissions reduced divided by grant amount).
- Total cost effectiveness (total NOx emissions reduced divided by project total).
- Estimated fuel savings per year.
- Percent of students receiving free and reduced lunches.
- Proof of financial security (i.e., ability to cover costs not paid for by grant to complete the project).

O. Project Clarifications/Revisions

During the grant application review process, applicants may be contacted for clarification and for the purpose of negotiating changes in the project, the timeline, and grant amounts. The DEQ reserves the right to award grants for amounts other than those requested and/or request changes to, or clarification of, the proposed work plan.
P. Grant Agreement

Each grantee must formally enter into a grant agreement. The grant agreement will address the conditions of the award, including implementation of the project and grant deliverables. Once the grant agreement is signed, the grantee is expected to comply with all conditions of the agreement and shall provide a copy of the grant agreement to all partners. It is important that applicants read and understand all requirements in the Request for Proposals and draft Grant Agreement Boilerplate.

Q. Online Resources

Below are Websites that provide useful information and resources to aid in the development of your grant proposal:

- California Environmental Protection Agency Air Resources Board: [www.arb.ca.gov/diesel/diesel.htm](http://www.arb.ca.gov/diesel/diesel.htm)
- Fuel Transformation Program website: [www.michigan.gov/deqvwsettlement](http://www.michigan.gov/deqvwsettlement)

R. Assistance

This RFP is being issued by the DEQ, Waste Management and Radiological Protection Division, Pollution Prevention and Stewardship Unit. You may contact the Environmental Assistance Center at 800-662-9278 with questions about this RFP or check the Michigan Fuel Transformation Website at [www.michigan.gov/deqvwsettlement](http://www.michigan.gov/deqvwsettlement) for more information.

S. Confidentiality

All information and materials regarding this grant are subject to the Freedom of Information Act.

T. Submission Deadlines

Proposals must be submitted electronically in one PDF file that contains the complete grant application to [DEQ-FTP-VW@michigan.gov](mailto:DEQ-FTP-VW@michigan.gov). Applications that are sent in more than one electronic file may be disqualified.

Proposals for electric school buses are due no later than 5:00 p.m., February 15, 2019. Proposals for all other school buses are due no later than 5:00 p.m., October 15, 2019.
II. Appendices

A. Draft Grant Agreement Boilerplate

B. Grant Application Materials: Checklist for Grant Proposal Submission, Grant Proposal Cover Sheet, Grant Proposal Template, Budget Proposal Form, Fleet Data Sheet
Appendix A

Draft Grant Agreement Boilerplate
This Grant Agreement ("Agreement") is made between the Michigan Department of Environmental Quality, (DEQ), Division ("State"), and Name of Grantee ("Grantee").

The purpose of this Agreement is to provide funding from the Volkswagen State Mitigation Trust (VSMT) in exchange for the eligible mitigation actions outlined below and in conformance with Appendix D-2 of the Environmental Mitigation Trust Agreement for State Beneficiaries. This Agreement is subject to the terms and conditions specified herein.

Project Name: [Project #: _____] Amount of grant: $______ Amount of grant state $______ (VSMT funds) = ______% Amount of match: $______ = ______% PROJECT TOTAL: $______ (grant plus match)

Start Date (date executed by DEQ): ______ End Date: ______

GRANTEE CONTACT: STATE'S CONTACT:

Name/Title __________________________ Name/Title __________________________

Organization __________________________ Division/Bureau/Office __________________________

Address __________________________ Address __________________________

Address __________________________ Address __________________________

Telephone number __________________________ Telephone number __________________________

Fax number __________________________ Fax number __________________________

E-mail address __________________________ E-mail address __________________________

Federal ID number – (Required for Federal Funding) __________________________

The individuals signing below certify by their signatures that they are authorized to sign this Agreement on behalf of their agencies and that the parties will fulfill the terms of this Agreement, including any attached appendices, as set forth herein.

FOR THE GRANTEE:

Signature __________________________ Date __________________________

Name/Title __________________________

FOR THE STATE:

Signature __________________________ Date __________________________

Name/Title __________________________
I. PROJECT SCOPE

This Agreement and its appendices constitute the entire Agreement between the State and the Grantee and may be modified only by written agreement between the State and the Grantee.

(A) The scope of this project is limited to the activities specified in Appendix A and such activities as are authorized by the State under this Agreement. Any change in project scope requires prior written approval in accordance with Section III, Changes, in this Agreement.

(B) By acceptance of this Agreement, the Grantee commits to complete the project identified in Appendix A within the time period allowed for in this Agreement and in accordance with the terms and conditions of this Agreement.

II. AGREEMENT PERIOD

Upon signature by the State, the Agreement shall be effective from the Start Date until the End Date on page 1. The State shall have no responsibility to provide funding to the Grantee for project work performed except between the Start Date and the End Date specified on page 1. Expenditures made by the Grantee prior to the Start Date or after the End Date of this Agreement are not eligible for payment under this Agreement.

III. CHANGES

Any changes to this Agreement shall be requested by the Grantee or the State in writing and implemented only upon approval in writing by the State. The State reserves the right to deny requests for changes to the Agreement or to the appendices. No changes can be implemented without approval by the State.

IV. GRANTEE DELIVERABLES AND REPORTING REQUIREMENTS

The Grantee shall submit deliverables and follow reporting requirements specified in Appendix A of this Agreement.

(A) The Grantee must complete and submit semi-annual progress reports according to a form and format prescribed by the State. These reports shall be due according to the following:

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 1 to November 30</td>
<td>December 31</td>
</tr>
<tr>
<td>December 1 to May 31</td>
<td>June 30</td>
</tr>
</tbody>
</table>

The Grantee shall submit to the State a semiannual report describing the progress implementing each Eligible Mitigation Action during the six-month period leading up to the reporting date (including a summary of all costs expended on the Eligible Mitigation Action through the reporting date). Such reports shall include a complete description of the status (including actual or projected termination date), development, implementation, and any modification of each approved Eligible Mitigation Action. The Grantee may group multiple Eligible Mitigation Actions into a single report. These reports shall be signed by an official with the authority to submit the report for the Beneficiary and must contain an attestation that the information is true and correct and that the submission is made under penalty of perjury.

The forms provided to the State shall be submitted to the State’s contact at the DEQ-FTP-VW@michigan.gov.

(B) The Grantee shall provide a final project report in a format prescribed by the State. Additionally, the Grantee shall submit the financial status report, including all supporting documentation for expenses, along with the final project report and any other outstanding products within 30 days from
the End Date of the Agreement.

The forms provided to the State shall be submitted to the State’s contact at the DEQ-FTP-VW@michigan.gov.

(C) The Grantee must provide one copy of all products and deliverables in accordance with Appendix A.

(D) All products shall acknowledge that the project was supported in whole or in part by the Michigan Fuel Transformation Program, per the guidelines provided by the program.

V. GRANTEE RESPONSIBILITIES

(A) The Grantee agrees to abide by all applicable local, state, and federal laws, rules, ordinances, and regulations in the performance of this grant.

(B) All local, state, and federal permits, if required, are the responsibility of the Grantee. Award of this grant is not a guarantee of permit approval by the State.

(C) The Grantee shall be solely responsible to pay all applicable taxes and fees, if any, that arise from the Grantee’s receipt or execution of this grant.

(D) The Grantee is responsible for the professional quality, technical accuracy, timely completion, and coordination of all designs, drawings, specifications, reports, and other services submitted to the State under this Agreement. The Grantee shall, without additional compensation, correct or revise any errors, omissions, or other deficiencies in drawings, designs, specifications, reports, or other services.

(E) The State’s approval of drawings, designs, specifications, reports, and incidental work or materials furnished hereunder shall not in any way relieve the Grantee of responsibility for the technical adequacy of the work. The State’s review, approval, acceptance, or payment for any of the services shall not be construed as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.

(F) The Grantee acknowledges that it is a crime to knowingly and willingly file false information with the State for the purpose of obtaining this Agreement or any payment under the Agreement, and that any such filing may subject the Grantee, its agents, and/or employees to criminal and civil prosecution and/or termination of the grant.

VII. ASSIGNABILITY

The Grantee shall not assign this Agreement or assign or delegate any of its duties or obligations under this Agreement to any other party without the prior written consent of the State. The State does not assume responsibility regarding the contractual relationships between the Grantee and any subcontractor.

VIII. SUBCONTRACTS

The State reserves the right to deny the use of any consultant, contractor, associate, or other personnel to perform any portion of the project. The Grantee is solely responsible for all contractual activities performed under this Agreement. Further, the State will consider the Grantee to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Grant. All subcontractors used by the Grantee in performing the project shall be subject to the provisions of this Agreement and shall be qualified to perform the duties required. The Grantee shall provide all sub-contractors or sub-grantees with a copy of this agreement.
IX. NON-DISCRIMINATION

The Grantee shall comply with the Elliott Larsen Civil Rights Act, 1976 PA 453, as amended, MCL 37.2101 et seq., the Persons with Disabilities Civil Rights Act, 1976 PA 220, as amended, MCL 37.1101 et seq., and all other federal, state, and local fair employment practices and equal opportunity laws and covenants that it shall not discriminate against any employee or applicant for employment, to be employed in the performance of this Agreement, with respect to his or her hire, tenure, terms, conditions, or privileges of employment, or any matter directly or indirectly related to employment, because of his or her race, religion, color, national origin, age, sex, height, weight, marital status, or physical or mental disability that is unrelated to the individual's ability to perform the duties of a particular job or position. The Grantee agrees to include in every subcontract entered into for the performance of this Agreement this covenant not to discriminate in employment. A breach of this covenant is a material breach of this Agreement.

X. UNFAIR LABOR PRACTICES

The Grantee shall comply with the Employers Engaging in Unfair Labor Practices Act, 1980 PA 278, as amended, MCL 423.321 et seq.

XI. LIABILITY

(A) The Grantee, not the State, is responsible for all liabilities as a result of claims, judgments, or costs arising out of activities to be carried out by the Grantee under this Agreement, if the liability is caused by the Grantee, or any employee or agent of the Grantee acting within the scope of their employment or agency.

(B) Nothing in this Agreement should be construed as a waiver of any governmental immunity by the Grantee, the State, its agencies, or their employees as provided by statute or court decisions.

XII. CONFLICT OF INTEREST

No government employee, or member of the legislative, judicial, or executive branches, or member of the Grantee's Board of Directors, its employees, partner agencies, or their families shall benefit financially from any part of this Agreement.

XIII. ANTI- LOBBYING

Funds under this award cannot be used for lobbying, or intervention in state or federal regulatory or adjudicatory proceedings and cannot be used to sue the state or federal government or any other government entity. Likewise, a recipient may not use state or federal funds as matching funds for federal Supplemental Environmental Project Funds, or Supplemental Environmental Projects required under a consent order.

XIV. DEBARMENT AND SUSPENSION

By signing this Agreement, the Grantee certifies that it has checked the federal debarment/suspension list at www.SAM.gov to verify that its agents, and its subcontractors:

(1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or the state.

(2) Have not within a three-year period preceding this Agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction, as defined in 45 CFR 1185; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery,
bribery, falsification or destruction of records, making false statements, or receiving stolen property.

(3) Are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses enumerated in subsection (2).

(4) Have not within a three-year period preceding this Agreement had one or more public transactions (federal, state, or local) terminated for cause or default.

(5) Will comply with all applicable requirements of all other state or federal laws, executive orders, regulations, and policies governing this program.

XV. AUDIT AND ACCESS TO RECORDS

The State reserves the right to conduct a programmatic and financial audit of the project, and the State may withhold payment until the audit is satisfactorily completed. The Grantee will be required to maintain all pertinent records and evidence pertaining to this Agreement, including grant and any required matching funds, in accordance with generally accepted accounting principles and other procedures specified by the State. The State or any of its duly authorized representatives must have access, upon reasonable notice, to such books, records, documents, and other evidence for the purpose of inspection, audit, and copying. The Grantee will provide proper facilities for such access and inspection. All records must be maintained for a minimum of five years after the final payment has been authorized by the State.

XVI. INSURANCE

(A) The Grantee must maintain insurance or self-insurance that will protect it from claims that may arise from the Grantee’s actions under this Agreement.

(B) The Grantee must comply with applicable workers’ compensation laws while engaging in activities authorized under this Agreement.

XVII. OTHER SOURCES OF FUNDING

The Grantee guarantees that any claims for reimbursement made to the State under this Agreement must not be financed by any source other than the VSMT under the terms of this Agreement. If funding is received through any other source, the Grantee agrees to delete from Grantee’s billings, notify the State and immediately refund to Wilmington Trust, N.A., the total amount representing such duplication of funding.

XVIII. COMPENSATION

(A) A breakdown of costs allowed under this Agreement is identified in Appendix A. The State will pay the Grantee a total amount not to exceed the amount on page 1 of this Agreement, in accordance with Appendix A, and only for expenses incurred and paid. All other costs necessary to complete the project are the sole responsibility of the Grantee.

(B) Expenses incurred by the Grantee prior to the Start Date or after the End Date of this Agreement are not allowed under the Agreement.

(C) The State will approve payment requests after approval of reports and related documentation as required under this Agreement.

(D) The State reserves the right to request additional information necessary to substantiate payment requests.
(E) Payments under this Agreement will be processed by Electronic Funds Transfer (EFT) through Wilmington Trust, N.A. under the directive of the State.

(F) An amount equal to 10 percent of the grant award may be withheld by the State until the project is completed in accordance with Section XIX, Closeout, and Appendix A.

(G) The Grantee is committed to the match percentage on page 1 of the Agreement, in accordance with Appendix A. The Grantee shall expend all local match committed to the project by the End Date on page 1 of the Agreement.

XIX. CLOSEOUT

(A) A determination of project completion, which may include a site inspection and an audit, shall be made by the State after the Grantee has met any match obligations, satisfactorily completed the activities, and provided products and deliverables described in Appendix A.

(B) Upon issuance of final payment from the State, the Grantee releases the State of all claims against the State arising under this Agreement. Unless otherwise provided in this Agreement or by State law, final payment under this Agreement shall not constitute a waiver of the State’s claims against the Grantee.

(C) The Grantee shall immediately notify the State and refund to Wilmington Trust, N.A. any payments in excess of the costs allowed by this Agreement.

XX. CANCELLATION

This Agreement may be canceled by the State, upon 30 days written notice, due to Executive Order, budgetary reduction, other lack of funding, upon request by the Grantee, or upon mutual agreement by the State and Grantee. The State may honor requests for just and equitable compensation to the Grantee for all satisfactory and eligible work completed under this Agreement up until 30 days after written notice, upon which time all outstanding reports and documents are due to the State and the State will no longer be liable to pay the grantee for any further charges to the grant.

XXI. TERMINATION

(A) This Agreement may be terminated by the State as follows.

(1) Upon 30 days written notice to the Grantee:

   a. If the Grantee fails to comply with the terms and conditions of the Agreement, or with the requirements of the authorizing legislation cited on page 1, or the rules promulgated thereunder, or other applicable law or rules.

   b. If the Grantee knowingly and willingly presents false information to the State for the purpose of obtaining this Agreement or any payment under this Agreement.

   c. If the State finds that the Grantee, or any of the Grantee’s agents or representatives, offered or gave gratuities, favors, or gifts of monetary value to any official, employee, or agent of the State in an attempt to secure a subcontract or favorable treatment in awarding, amending, or making any determinations related to the performance of this Agreement.

   d. If the Grantee or any subcontractor, manufacturer, or supplier of the Grantee appears in the register of persons engaging in unfair labor practices that is compiled by the Michigan Department of Licensing and Regulatory Affairs or its successor.

   e. During the 30-day written notice period, the State shall withhold payment for any findings under subparagraphs a through d, above and the Grantee will immediately cease charging to the grant and stop earning match for the project (if applicable).
(2) Immediately and without further liability to the State if the Grantee, or any agent of the Grantee, or any agent of any subcontract is:

a. Convicted of a criminal offense incident to the application for or performance of a State, public, or private contract or subcontract;
b. Convicted of a criminal offense, including but not limited to any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or attempting to influence a public employee to breach the ethical conduct standards for State of Michigan employees;
c. Convicted under State or federal antitrust statutes; or
d. Convicted of any other criminal offense that, in the sole discretion of the State, reflects on the Grantee’s business integrity.
e. Added to the federal or state Suspension and Debarment list.

(B) If a grant is terminated, the State reserves the right to require the Grantee to repay all or a portion of funds received under this Agreement.

XXII. IRAN SANCTIONS ACT

By signing this Agreement the Grantee is certifying that it is not an Iran linked business, and that its contractors are not Iran linked businesses, as defined in MCL 129.312.

XXIII. DISCLOSURE OF INFORMATION

All reports and other printed or electronic material prepared by or for the Grantee under the Agreement will not be distributed without the prior written consent of the State except for items disclosed in response to a Freedom of Information Act request, Court Order or subpoena.

The parties hereto understand and agree that it is the intent of the State to make all materials submitted as part of this project available to the public.

XXIV. CONFLICT OF INTEREST

Grantees will contact the DEQ project administrator within 5 days of becoming aware of a conflict of interest. A conflict of interest is an actual or potential situation that undermines or may undermine, the impartiality of an individual or entity because their self-interest conflicts, or may conflict, with their duty and obligations in performing a grant. The term also includes situations that create, or may create, an unfair competitive advantage, or the appearance of such, for an applicant in competing for a grant.

XXV. DRUG FREE WORKPLACE

Grantee agrees to comply with all applicable federal, state, and local laws regarding smoke-free and drug-free work places and shall make a good faith effort to ensure that none of its employees or permitted subcontractors engaged in the work being performed hereunder purchase, transfer, use, or possess alcohol, illegal drugs, or abuse prescription drugs in any way during the performance of this Agreement.

XXVI. VICTIM PROTECTION

The Grantee certifies that the grantee, the grantee’s employees, subrecipients under this award, and subrecipients’ employees will not: a) engage in any form of trafficking in persons during the period of time that this award is in effect; b) procure a commercial sex act during the period of time that this award is in effect; or c) use forced labor in the performance of the award or sub awards under the award.
Appendix B

Checklist for Grant Proposal Submission

Grant Proposal Cover Sheet

Grant Proposal Template

Budget Proposal Form

Fleet Data Sheet
Department of Environmental Quality  
Fuel Transformation Program  
Volkswagen State Mitigation Trust  
School Bus Replacement Grants

Checklist for Grant Proposal Submission

☐ Grant Proposal Cover Sheet (page 1-2 of the proposal) signed by grant acceptance authority.

☐ Budget Form.

☐ If applicant is a privately-owned school bus company under contract with a public-school district include a copy of the contract.

☐ Complete Grant Project Proposal Template including:
  ☐ Copy of the title for the bus(es) being retired.
  ☐ Copy of maintenance records, specific to each bus that will be disabled, that document the vehicle was in use over the 24 months immediately prior to the date of application.
  ☐ Copy of records (such as maintenance records), specific to each bus that will be disabled, showing annual mileage over the 12 months immediately prior to the date of application.
  ☐ Copy of fuel records, specific to each bus that will be disabled, showing how many gallons of fuel was used in the 12 months immediately prior to the date of application.

☐ Completed Fleet Data Sheet.

☐ Proof of audit from a Certified Public Accountant documenting that the applicant has undergone a successful financial audit. The audit must have been completed within 24 months prior to the RFP closure date.

☐ Documentation that the applicant has or will secure the financial resources necessary to cover the cost of the new bus(es) not provided by the grant.

☐ Signed Letters of Commitment from applicant and all project partners on agency letterhead. Letters of Commitment that are not on agency letterhead will not be accepted.

☐ Email the entire proposal and appendices in one PDF file to DEQ-FTP-VW@michigan.gov. Proposals sent in multiple files may not be accepted.

- Grant applications for electric school buses are due by 5:00 p.m., February 15, 2019.
- Grant applications for all other school buses are due by 5:00 p.m., October 15, 2019.
Grant Proposal Cover Sheet

Project Name: __________________________________________________________

Grant Amount: $000,000.00

Match Amount: $000,000.00 = 00.00% of total grant

Project Total: $000,000.00 (grant plus match)

Estimated Project Start Date: ___________  Project End Date: _______________

| Organization/Applicant Name: |  |
|------------------------------|  |
| Organization Street Address: |  |
| Address:                     |  |
| Project Manager Name/Title:  |  |
| Telephone Number:            |  |
| Fax Number:                  |  |
| Organization E-mail Address: |  |
| Project Manager E-mail Address: |  |
| Federal ID Number (Required): |  |

Applicant Type (Check appropriate box):

- [ ] Public school/school district
- [ ] Privately-owned school bus company under contract with a public-school district
- [ ] Private school
- [ ] Tribe
- [ ] Other: (please name) ___________________________________________

New Bus Fuel Type (Check all that apply):

- [ ] All-electric
- [ ] Compressed natural gas
- [ ] Diesel
- [ ] Hybrid
- [ ] Propane
Project Impact Area (County or region where bus primarily travels).

Check all priority areas that apply.
- Allegan
- Berrien
- Livingston
- Macomb
- Monroe
- Muskegon
- Oakland
- St. Clair
- Washtenaw
- Wayne

Non-priority areas (List all that apply; add more lines if necessary):

State of Michigan Prosperity Region Number(s) in which the project is located:

Percent of free and reduced lunches for school(es) involved with the project as of January 1, 2019. If more than one school is involved, use the average: %

The individual signing below certifies that they are authorized to sign this application on behalf of their agency and has the authority to accept a grant.

<table>
<thead>
<tr>
<th>Signature:</th>
<th>Date:</th>
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<table>
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<tr>
<th>Name/Title:</th>
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<table>
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<tr>
<th>Agency Name:</th>
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</thead>
</table>
A. Project Summary

In less than one page, describe the project goals and objectives; and project partners if applicable. Include the total number and types of buses in the project, the reasons for your technology choice and why it’s important to receive grant funds to replace your bus(es).

B. Work Plan

Describe how the project meets the objectives of the School Bus Replacement Grants Request for Proposals (RFP) and provide the following:

- A description of the bid process that will be used to purchase the new bus(es).
- A description of the geographic area(s) the bus(es) travel and an estimate of the number of people in that geographic region impacted by the project.
- The reason why it is important to reduce diesel emissions in the project area (i.e., air quality status, high diesel engine traffic, children’s exposure to diesel emissions, health and environmental impacts, etc.).
- Information on what entity or entities will retain ownership of the bus(es) purchased with funding from this grant.
- A short description of how the grant and project information will be made publicly available.
- A short description of any educational benefits from the project.

C. Project Staff and Partner Roles and Responsibilities

Use the table below to list project staff, their title, affiliated organization, and their role/responsibility with the project. Add more lines if necessary.

<table>
<thead>
<tr>
<th>Name of Project Staff</th>
<th>Title of Staff</th>
<th>Organization</th>
<th>Role/Responsibility</th>
</tr>
</thead>
<tbody>
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Table 1: Project Staff
D. Timeline

Using the table below, enter the project tasks for each month, the person(s) responsible to complete each task, and the deliverable associated with each task. Add more lines if necessary. Note that any person listed in the timeline must also be listed in Table 1 above.

<table>
<thead>
<tr>
<th>Month/Year</th>
<th>Task</th>
<th>Person Responsible</th>
<th>Deliverable</th>
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</table>

Table 2: Timeline

E. Anticipated Outcomes

Briefly describe outcomes from this project and complete Table 3 below. To calculate emission reduction benefits, use the Argonne National Laboratory Heavy-Duty Vehicle Emissions Calculator at https://afleet-web.es.anl.gov/hdv-emissions-calculator/. Use the Environmental Mitigation w/Scrappage tool. Enter data used to run the Emissions Calculator in the Fleet Data Sheet. Note that if you are purchasing a new propane bus that meets CARB’s optional low-NOx standards, run the tool as if the new vehicle is fueled with compressed natural gas.

<table>
<thead>
<tr>
<th>Pollutant</th>
<th>Lifetime New Vehicle Emission Benefits</th>
<th>New Vehicle Total Cost Effectiveness*</th>
<th>Grant Amount Cost Effectiveness**</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOx</td>
<td>pounds</td>
<td>($/lb)</td>
<td>($/lb)</td>
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<tr>
<td>PM 2.5</td>
<td>pounds</td>
<td>$/lb)</td>
<td>($/lb)</td>
</tr>
<tr>
<td>GHG</td>
<td>short tons</td>
<td>($/ton)</td>
<td>($/lb)</td>
</tr>
</tbody>
</table>

Estimated number of gallons of fuel reduced per year in diesel gallon equivalents:

Estimated total cost of ownership for the life of the bus(es)***:

Table 3: Outcomes Table

* To estimate the new vehicle total cost effectiveness, divide the project total (grant plus match) by the pounds of pollutant reduced for the lifetime of the new vehicle(s).
** To estimate the grant amount cost effectiveness, divide the grant amount by the pounds of pollutant reduced for the lifetime of the new vehicle(s).
*** To estimate the total cost of ownership for the life of the bus(es), total the cost of new bus(es) plus estimated maintenance costs, and fuel costs for fifteen years.
F. Performance Measures

The applicant should develop performance measures for tracking and reporting progress toward completing their project on schedule.

The description of performance measures should address the following:

- How oversight of project partners’ work on the project will be conducted.
- How progress toward purchasing new and disabling old buses will be tracked.
- How any systems will be used or created to complete project reports and make project information available to the public.

G. Budget Form (include with application)

An editable version of the budget sheet can be accessed on the Fuel Transformation Program website at: www.michigan.gov/deqvwsettlement. Your budget must be completed to fulfill the budget requirement of your proposal. Alternate budget forms will not be considered.

Applications that request grant funds that exceed the maximum percent allowed for the technology selected will not be accepted. Also note that privately-owned school bus companies under contract with a public-school district must provide a copy of the contract for the school district they serve to be eligible for funding.

H. Proof of successful audit by Certified Public Accountant (include with application)

Include proof of a successful financial audit that has been completed within 24 months prior to the RFP’s closure date by a Certified Public Accountant for the grant applicant and all project partners/grant subrecipients.

I. Fleet Data Sheet (include with application)

An editable version of the Fleet Data Sheet can be accessed on the Michigan Fuel Transformation Program website at www.michigan.gov/deqvwsettlement and must be included with your application.

J. Vehicle Proof (include with application)

As specified in the Request for Proposals, include a copy of the documentation required to prove ownership of the old bus(es), miles driven, and amount of fuel used.

K. Letters of Commitment on Agency Letterhead and Proof of Financial Security (include with application)

Include letters of commitment from the grant applicant and all project partners/grant subrecipients on the agency’s letterhead that specify the amount of financial support the grantee and partner(s) are committing to the project and the funding source. Letters that are not on the agency’s letterhead will not be accepted. Where applicable, include additional proof of financial security that demonstrates the ability to cover costs not paid for by the grant (i.e. loan approval).

Letters of commitment also need to include a statement that the owners of the new bus(es) will retain ownership of the new bus(es), maintain them, and operated them in the same geographic region as the bus(es) that they replaced for at least five years after the grant ends.
Applicant Name: 
Project Name: 
Eligible Mitigation Action: 
Type: 
Government/Non-Government Owned: 
Project Number (assigned by DEQ): 

<table>
<thead>
<tr>
<th>CONTRACTUAL SERVICES</th>
<th>HOURS or UNITS</th>
<th>RATE or TOTAL</th>
<th>% of FUNDING</th>
<th>GRANT AMOUNT</th>
<th>MATCH AMOUNT</th>
<th>TOTAL</th>
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<td>Contractual Services Subtotal</td>
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<tr>
<th>SUPPLIES &amp; MATERIALS (Itemize)</th>
<th>QUANTITY</th>
<th>COST</th>
<th>% of FUNDING</th>
<th>GRANT AMOUNT</th>
<th>MATCH AMOUNT</th>
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<td>Supplies &amp; Materials Subtotal</td>
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<tr>
<th>VEHICLE(S) &amp; EQUIPMENT</th>
<th>QUANTITY</th>
<th>COST</th>
<th>% of FUNDING</th>
<th>GRANT AMOUNT</th>
<th>MATCH AMOUNT</th>
<th>TOTAL</th>
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<td>Vehicle(s) &amp; Equipment Subtotal</td>
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TOTAL PROJECT

Total All Costs: $ - $ - $ - $ -

SOURCES OF MATCH:

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<tr>
<th>Organization</th>
<th>DOLLAR VALUE COMMITTED:</th>
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<td>Organization</td>
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<td>Subtotal</td>
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Total (Must equal total project match from above): $ - $ -
### Vehicle Information:

| Make | Model | Engine | Year | Vehicle GVWR, in lbs. | Vehicle Identification Number (VIN #) | Michigan Vehicle Registration # or Vehicle International Registration Plan (IRP) # | Engine Fuel Type | Engine Horse Power | Estimated gallons of fuel consumed, per year | Estimated service life, years | Estimated miles driven, per year | Estimated # of idling hrs./day | Average # days per year vehicle is in use | Estimated # of idling hrs./yr. (calculated) | Vehicle Engine Model | New Vehicle Year of New Vehicle | New Vehicle GVWR, in lbs. | EPA Certification # or ARB Executive Order# | Estimated Lifetime of New Vehicle, years | Estimated miles to be driven, per year | Use Diesel In-Use Multiplier? (Yes or No) | Use Lox Nox Engines? (Yes or No) | Input Custom Fuel Economy? (Yes or No) |
|------|-------|--------|------|-----------------------|----------------------------------------|---------------------------------------------------------------------------------|-----------------|-------------------|---------------------------------|-----------------------------|----------------------------------|---------------------|-----------------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|----------------------------------|
|      |       |        |      |                       |                                        |                                                                                 |                 |                   |                                 |                             |                                   |                                    |                                               |                                  |                                |                                 |                                  |                                |                                 |                                 |                                |                                 |                                 |

### New Vehicle Information:

- Diesel-Hybrid-Electric

### Contact Information:

- Contact Name:
- Project Name:
- Contact Email:
- Contact Phone:

### Fleet Data Sheet:

- On-Road Vehicles: Trucks, School Buses & Transit Buses

---

**Vehicle GVWR Classifications**

- GVWR, in lbs: 10,000 and less
- 10,001 to 26,000
- 26,001 to 33,000
- 33,001 and greater

**Fuel Types**

- Diesel
- CNG
- Propane

**Fuel Transformation Program**

- Volkswagen State Mitigation Trust

**VRL = Vehicle Replacement**

**RPR = Engine Repower**

---

**Other Option Pay**

- VRL = Vehicle Replacement
- RPR = Engine Repower

**Fuel Type**

- Diesel
- CNG
- Propane