



OHIO DIESEL EMISSIONS REDUCTION GRANT PROGRAM

**Diesel Emissions Reduction Grant (DERG) Program
for Equipment Replacement, Repower, Retrofit and Anti-Idle**

**Request for Proposals
February 17, 2012**

The State of Ohio Environmental Protection Agency (Ohio EPA) is soliciting proposals from all public sector and private sector (with a public sponsor) diesel fleets that will undertake vehicle/equipment replacement, repower, or retrofit for the purpose of emissions reduction. Fleets may also apply for idle reduction equipment.

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

Ohio Diesel Emissions Reduction Grant (DERG) Program For Equipment Replacement, Repower, Retrofit & Anti-Idle

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SECTION 1: REQUEST FOR PROPOSALS (RFP) OVERVIEW

1.1 RFP Time Table

Release of RFP:	February 17, 2012
Bidder Conference Calls:	March 8, 10:00 a.m., March 14, 1:00 p.m.
Deadline to Submit Proposals:	March 30, 2012, 5:00 p.m.
Announcement of Award:	May 15, 2012

Awarded projects cannot commence until nearly three months from the deadline date due to the time required for review and fiscal administration of the grants. DERG funds may not be used to reimburse grant recipients for any grant expenses, including equipment purchased, prior to execution of the grant contract. Applicants should plan accordingly for making equipment purchases and installations.

The 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 or 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.

1.2 Ohio Environmental Protection Agency (Ohio EPA)

The Ohio EPA is a trusted leader and environmental steward using innovation, quality service and public involvement to ensure a safe and healthy environment for all Ohioans. The Agency's mission is to protect the environment and public health by ensuring compliance with environmental laws and demonstrating leadership in environmental stewardship.

1.3 Project Background

The Ohio EPA in partnership with the Ohio Department of Transportation (ODOT) proudly announces the fourth round of the Diesel Emissions Reduction Grant (DERG) Program. Invited to apply are all public diesel engine fleets and private diesel engine fleets with a public sponsor (Public-Private Partnerships) that will undertake vehicle/equipment replacement, repower, retrofit, or installation of anti-idle equipment for the purpose of emissions reduction. Public-Private Partnerships (PPP) are defined in the Federal Highway Administration (FHWA) Congestion Mitigation and Air Quality (CMAQ) Improvement Program Guidance dated October 20, 2008. http://www.fhwa.dot.gov/environment/air_quality/cmaq/policy_and_guidance/cmaq08gqd.pdf. An example of an acceptable PPP agreement is provided in Appendix D of this document.

Funds will be made available under the DERG program, from the Ohio Department of Transportation FHWA CMAQ Program federal appropriation fund. The CMAQ Program is authorized through the federal Safe, Accountable, Flexible and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU).

The DERG Committee makes all project selections and funding decisions. The Committee consists of staff from the Ohio EPA and ODOT.

The total funding available for this competitive funding round opportunity through June 30, 2012 is \$10,000,000.00 in federal CMAQ funds. Each application must contain a request for at least twenty thousand dollars (\$20,000) to 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 be reimbursed *up to the amount approved for that project* upon proper documentation of payment for eligible expenses.

2.2 Twenty Percent Match Requirement

For projects that are selected, up to eighty percent (80%) of project costs may be eligible for reimbursement from CMAQ funds. Applicants are required to provide a minimum twenty percent (20%) in matching funds. Matching funds cannot be from federal funds or from in-kind services.

2.3 Advertising and Bid Procedures

Projects selected to receive funding must comply with all competitive bid standards. Applicants must employ advertising and bid procedures as approved by Ohio EPA and ODOT.

2.4 Record Maintenance

Successful applicants will be required to maintain financial documentation for a period of five years. Additionally, records regarding the utilization and maintenance must be kept for the useful life of the vehicle/equipment.

2.5 Non-Performance

Grant recipients will be required to submit progress reports every six months. If Ohio EPA determines that a recipient is not making satisfactory progress, or has

not submitted any invoices for reimbursement within two years from the date of initial grant award, Ohio EPA may, in consultation with the Ohio Department of Transportation and the Federal Highway Administration, revoke the grant and reallocate the funds to the next highest ranked project applicant.

SECTION 3: APPLICATIONS

3.1 Project Application

Applications must be received by the Ohio EPA no later than 5:00 p.m. on March 30, 2012. Proposals must be submitted in hard copy. No fax or e-mail submittals will be accepted. Late submittals will not be considered. Applicants who do not receive email confirmation of receipt of their application within two business days should call 614-644-2873 or email derg@epa.state.oh.us.

Applicants must provide one original and 2 copies of the application package, including an original signature from the Authorizing Agent (preferably in blue ink) on the certification statement. Original may be single-sided or double sided, copies should be double sided

By mail:

Ohio EPA
Office of Environmental Education
P.O. Box 1049
Columbus, OH 43216-1049
(614) 644-2873

By courier or delivery:

Ohio EPA
Office of Environmental Education
50 W. Town Street, Suite 700
Columbus, OH 43215
(614) 644-2873

Applications may also be delivered to Ohio EPA District Offices in Bowling Green, Dayton, Logan, or Twinsburg before **4:30 p.m.** on the deadline day. Please call Ohio EPA or consult the Ohio EPA Web page, <http://www.epa.ohio.gov/directions.aspx> for directions to the district office near you.

An applicant whose proposal is not funded may re-submit the proposal in a subsequent grant cycle. If the vendor quote is still in force and there are NO changes to the proposal from the previous cycle, the applicant may request that Ohio EPA reactivate the same proposal in the next grant cycle, by sending a request in writing to the address above, or by email to derg@epa.state.oh.us. Ohio EPA will provide confirmation in writing that the proposal is being reactivated. If you do not receive confirmation within a few days that your request was received, please phone the Office of Environmental Education at (614) 644-2873. If there are any changes to the proposal, including changes to price quotes or to the list of vehicles and equipment being proposed, the applicant should revise and submit a new proposal.

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, at least two conference calls will be scheduled for questions from prospective applicants. Call information and notes will be posted on Ohio EPA's DERG Website at: <http://www.epa.ohio.gov/oeef/derg.aspx>. Prospective applicants are also encouraged to contact program staff members Alan.Harness@epa.state.oh.us at (614) 644-4838 with technology questions, or Carolyn.Watkins@epa.state.oh.us at (614) 644-3768 with financial questions.

SECTION 4: ELIGIBILITY

4.1 Project Type

Project types eligible for funding under DERG include the replacement, repower, retrofit, and/or installation of anti-idle equipment, of diesel powered public fleets¹ and Public-Private Partnership (PPP) fleets². Projects funded under this program must affect surface transportation system travel consistent with the FHWA's October 20, 2008 CMAQ Program Guidance³. Projects must result in reductions of oxides of nitrogen (NOx) and/or fine particulate matter (PM_{2.5}) emissions from pollutant sources. A chart summarizing eligibility by vehicle type is provided in Appendix B.

Projects must utilize verified emission reduction technologies as determined by the United States Environmental Protection Agency (USEPA) or the California Air Resources Board (CARB).

4.2 CMAQ Program Eligibility

Prior to final project selection by the DERG committee, the FHWA must issue a formal CMAQ program eligibility determination on each proposed project.

¹ Including but not limited to: school buses, mass transit vehicles, refuse collection trucks, government fleets.

² Including but not limited to: short haul trucks, locomotives and non-road construction equipment.

³ Non-road vehicles or construction equipment must be working on surface transportation construction projects (Title 23) based in Ohio nonattainment or maintenance areas to be eligible. Only those costs associated with the vehicle/equipment components that produce emissions will be considered for funding. FHWA's CMAQ program guidance is available at www.fhwa.dot.gov/environment/air_quality/cmaq/policy_and_guidance/cmaq08gd.pdf.

FHWA's eligibility determinations are based on documentation project sponsors prepare describing the project scope, its consistency with FHWA's CMAQ program eligibility guidance, and a quantitative analysis of the mobile source emission reductions that will result from project implementation.

FHWA's CMAQ program guidance is available at http://www.fhwa.dot.gov/environment/air_quality/cmaq/policy_and_guidance/cmaq08gd.pdf

CMAQ program eligibility documentation includes the following items:

- Narrative description of the project scope
- Narrative description of project's consistency with FHWA CMAQ eligibility guidance (see page 22 of CMAQ Guidelines)
- Project location
- Project cost
- Project sponsor
- Quantitative analysis of mobile source emission reductions resulting from project implementation using USEPA's Diesel Emission Quantifier (DEQ) tool at <http://www.epa.gov/cleandiesel/quantifier>. In using this tool, applicants should set the parameters to include an estimate of the total cost effectiveness of the project, and include this estimate with their application.

Equipment must be operated in PM_{2.5} and/or Ozone nonattainment or maintenance areas of Ohio for at least sixty-five percent (65%) of the time. Grant recipients will be required to provide documentation that this criterion is met for a period of no less than five years following installation of the equipment.

A map of eligible Ohio PM_{2.5} and Ozone nonattainment and maintenance counties and townships is included in Appendix C and posted at: <http://www.epa.ohio.gov/portals/42/documents/dergeligible2011.pdf>.

Ohio counties (or parts of counties) that are either in nonattainment or maintenance status as determined by US EPA. 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 PM2.5 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 project funding approval and notice of FHWA 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: PROJECT TYPES

Type	Description	Limitations	Maximum Funding
Vehicle/Equipment Replacement	Replacing old vehicles/equipment with new vehicles/equipment, including replacing with hybrid or 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 subject to provisions of CMAQ; less core or scrap value and less other governmental financial purchase contributions
Repower (Engine Replacement)	Removing the engine from a piece of equipment and replacing it with a new, rebuilt, or remanufactured engine	Engines must meet a newer emission standard; verification that old engine remanufactured or permanently destroyed	80% of equipment invoiced cost less core value or scrap value and 80% of installation by an outside vendor
Retrofit	Adding on emission reduction technologies to reduce pollution	Retrofit technology must be verified by US EPA or CARB	80% of equipment invoiced cost less core value or scrap value and 80% of installation by an outside vendor
Anti-Idle	Adding anti-idle technologies to reduce pollution	Retrofit technology must be verified by US EPA	80% of equipment invoiced cost less core value or scrap value and 80% of installation by an outside vendor

5.1 Vehicle/Equipment Replacement

Vehicle or equipment replacement⁴ involves permanently removing an old vehicle or machinery from service, and replacing it with a new vehicle or

⁴ Including but not limited to: long and short haul trucks, locomotives and non-road construction equipment. Non-road vehicles or construction equipment must be working on a surface transportation construction project (Title 23) based in Ohio nonattainment or maintenance areas to be eligible. Only those costs associated with the vehicle/equipment components that produce emissions will be considered for funding.

machinery, including hybrid or alternatively fueled vehicles as identified in section 301 of the 1992 Energy Policy Act. Because construction equipment tends to have a very long life span, and in the past decade the federal government has implemented increasingly stringent emission standards for both on-road and off-road diesel equipment, upgrading to new model year diesel equipment has a significant air quality benefit.

In order to be eligible for funding for vehicle or equipment replacement, the award recipient must verify that the machinery to be replaced is currently in proper working condition with at least five (5) years of remaining useful life. For public transit agency replacement projects, vehicles will follow the Federal Transit Administration (FTA) replacement guidelines posted at http://www.fta.dot.gov/documents/Useful_Life_of_Buses_Final_Report_4-26-07_rv1.pdf. Additionally, the replacement vehicle/equipment must be used for the same or similar purpose as the retired equipment.

Grant agreements involving replacements of a full vehicle or equipment 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/equipment. The grant recipient will be required to provide documentation verifying that the old vehicle/equipment has not been returned to service. Grant recipients may use the "Congestion Mitigation and Air Quality Program Original Equipment Disposition Certification" form posted on the DERG program Website, <http://www.epa.ohio.gov/oeef/derg.aspx>

Eligible expenses for reimbursement for replacements under this program include:

- Invoice cost of a replacement vehicle (subject to FHWA 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.

Ohio EPA is primarily interested in supporting projects that result in direct reductions in emissions, and will consider funding infrastructure components allowable under CMAQ such as fueling stations only in conjunction with other project components that provide immediate emission reductions, such as vehicle or engine replacements. Proposals requesting funding for infrastructure components must demonstrate ownership or legal control of the property; demonstrate that the requested infrastructure is not already in place and reasonably accessible; and include in the narrative a description of all required local, state and federal permits and a realistic schedule for securing these

permits. Infrastructure components that Ohio EPA deems to have a time horizon longer than two years will not be considered.

The incremental cost of the new vehicle/machinery minus any core or scrap value and any other governmental financial purchase contributions will constitute the total cost of vehicle/machinery replacement.

Note: FHWA will not approve CMAQ funding to finance the entire cost of private fleet or public agency general services replacement vehicles. FHWA will approve CMAQ funding only for replacement vehicle components that contribute to the vehicles' emission characteristics. See FHWA's CMAQ guidance dated October 2008 posted at:

http://www.fhwa.dot.gov/environment/air_quality/cmaq/policy_and_guidance/cmaq08qd.pdf and additional guidance issued April 6, 2011, posted at: (http://www.fhwa.dot.gov/environment/air_quality/cmaq/policy_and_guidance/cmaqaltfuel.cfm)

5.2 Equipment Repower (Engine Replacement)

An equipment repower involves removing the engine from a piece of equipment and replacing it with a new, rebuilt, or remanufactured engine (including compressed natural gas or propane repowers). Because new engines meet more stringent emission standards than older engines, a repower can provide a significant air quality benefit without the cost of replacing an entire piece of machinery.

To be eligible for funding, new engines must be verified by US EPA or CARB as agreed to by US EPA. Information on verified engines may be found at: <http://epa.gov/cleandiesel/verification/verif-list.htm> and <http://www.arb.ca.gov/diesel/cv.htm>

Eligible rebuilt or remanufactured engine components must meet or exceed Original Equipment Manufacturer (OEM) specifications.

In order to be eligible for funding for equipment repower, the award recipient must verify that the equipment to be repowered is currently in proper working condition. Before receiving reimbursement, the award recipient must document that the engine was removed and shipped to an authorized remanufacturing center, or that the engine in the old equipment has been permanently destroyed so that it cannot be sold or reused.

Eligible expenses for reimbursement for repower under this program include:

- Invoice cost of new engine including delivery charges, less the replaced engine's core or scrap value;
- Invoice cost of additional equipment that must be installed with the new engine;

- Costs to remove and dispose of hazardous fluids less any payments received for reuse of such fluids;
- Installation costs **if installed by an authorized outside vendor**;
- Reengineering costs by an authorized outside vendor, **if** the vehicle or equipment must be modified for the new engine to fit; and
- Other costs directly related to the project, subject to prior approval. See section 5.1 pertaining to infrastructure components.

The cost of purchasing and installing the new engine and required equipment minus the core value will constitute the cost of the equipment repower.

5.3 Equipment Retrofit

An equipment retrofit involves installation of an emission-reduction technology in an existing piece of equipment. To be eligible for funding, retrofit technologies must be verified by USEPA or CARB as agreed to by USEPA. Information on verified technologies may be found at:

<http://epa.gov/cleandiesel/verification/verif-list.htm> and <http://www.arb.ca.gov/diesel/cv.htm>

Eligible expenses for reimbursement for retrofits under this program include:

- Invoice cost of retrofit kit or add-on device including delivery charges;
- Invoice cost of additional equipment that must be installed;
- Installation costs if installed by an authorized outside vendor;
- Reengineering costs by an authorized outside vendor, if the vehicle or equipment must be modified for the retrofit, less any scrap or resale value; and
- Other costs directly related to the project, subject to prior approval.

5.4 Anti-Idle Equipment

Anti-idle equipment consists of installation of idling reduction technologies in order to reduce pollution. Information on some available **technologies deemed verified by USEPA** may be found at: <http://epa.gov/cleandiesel/verification/verif-list.htm>. Unverified technologies that have provided demonstrated emissions reductions may be eligible under this RFP upon approval by FHWA. Applicants must submit information that supports the emissions reduction benefits of unverified technologies.

Current available unverified technologies include but are not limited to:

- Auxiliary power units (APU)
- Battery powered HVAC units (BP HVAC)
- Direct fired heater/bunk heater unit (DFH)
- Energy recovery systems (ERS)

Eligible expenses for reimbursement for anti-idle equipment under this program include:

- Invoice cost of anti-idle kit or add-on device including delivery charges;
- Installation costs if installed by an authorized outside vendor;
- Reengineering costs by an authorized outside vendor, if the vehicle or equipment must be modified for the anti-idle technology; and
- Other costs directly related to the project, subject to prior approval.

SECTION 6: PROJECT SELECTION CRITERIA

Due to the competitiveness of the program, not all eligible projects will receive awards.

DERG program project applications will be evaluated consistent with the FHWA CMAQ guidance eligibility criteria and ranked consistent with the scoring parameters below.

Equipment must be operated in PM_{2.5} and/or Ozone nonattainment or maintenance areas of Ohio for at least sixty-five percent (65%) of the time. Funded projects will be required to provide documentation that this criterion is met for a period of no less than five years following installation of the equipment.

For PPPs, partnerships must have a legal, written agreement executed between the public agency and the private or non-profit entity before a CMAQ-funded project application can be approved for funding. These agreements should be developed under relevant State contract law and should specify the intended use for CMAQ funding; the roles and responsibilities of the participating entities; and how the disposition of land, facilities, and equipment will be carried out should the original terms of the agreement be altered (e.g., due to insolvency, change in ownership, or other changes in the structure of the PPP). **If an applicant is a PPP, a copy of the required written agreement clearly identifying the partners must be included at the time the application is submitted, or the application will not be evaluated. A copy of the final *signed and executed* agreement must be provided no later than 30 days after the application deadline, or the application will not receive further consideration. A sample template for a public-private partnership agreement is provided in Appendix D.**

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

- a). **Projected emission reductions of particulate matter (PM_{2.5}) and/or oxides of nitrogen (NOx), reported in kilograms per day.** The project score will be based on reductions of NOx and PM_{2.5} emissions. **(0-30 points NOx; 0-30 points PM 2.5)**

- b). Cost effectiveness of the emission reductions: The total reimbursable cost requested in the application will be divided by the estimated total emission reduction of PM_{2.5} and NOx to determine the cost effectiveness of the project, in dollars per kilogram of reduced emissions. **(0-40 points)**

Ohio EPA also **strongly** encourages applicants to follow the guidance issued by US EPA for the federal *Diesel Emissions Reduction Program (DERA)*: *Technologies, Fleets and Projects Information*, posted at: <http://www.epa.gov/cleandiesel/documents/420p11001.pdf>. This guidance lays out the kinds of things Ohio EPA will be looking for in the application project descriptions for various types of diesel projects, and the specific kinds of documentation that DERG grant recipients will be expected to provide and maintain.

Another very help tool is US EPA's *Tips for a Successful Diesel Retrofit Project*, posted at: <http://www.epa.gov/cleandiesel/tools/tips-for-success.htm#project>.

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 proposal will not be returned to the applicant.

SECTION 8: APPENDICES

- Appendix A: Diesel Emissions Reduction Grant Application
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