



Questions and Answers from March 8 and March 14, 2012, Conference Calls

Note to applicants: If you have already completed the Diesel Emissions Quantifier estimates and cost effectiveness estimates for your project, or already submitted your application, it is NOT necessary to revise those estimates at this late date. We will consider your application as submitted, and work with you to make any needed revisions to those estimates in order for us to compare all applicants using the same methodology. We apologize for the delay in posting these answers.

Categories:

Contracts and Bidding: Bidding process and purchasing questions

DEQ- Diesel Emission Quantifier usage questions

Finance- Cost and reimbursement questions

Application- General questions about deadlines, application forms, etc., and questions comparing DERG to the Clean Diesel School Bus Program

Equipment- Questions about vehicle eligibility, equipment types, useful life, etc.

Public Private Partnerships- Questions about how to enter into a PPP and potential public sponsors

Contracts and Bidding

Q1. Can we use the State of Ohio's purchasing contracts that local governments can access for our competitive bidding process?

A1. In most cases, no. Many state term contracts include a "buy Ohio" preference which is not allowed for federally-funded projects. ODOT will work with local governments on bid specifications for funded projects. They will typically follow local government bid procedures. ODOT will link the local government grantee with a procurement specialist in the local ODOT district office who can advise on proper procurement procedures.

Q2. I am applying on behalf of a number of local school districts, who each make purchases according to their own bid and procurement requirements. Will we have to supply documentation of those separate procurement requirements to the ODOT district offices?

A2: Not to submit the DERG grant application, but eventually, after a grant is awarded, yes, ODOT's district office would examine each school district's standard procurement documents to ensure that the procurement meets federal requirements.

Q3. Our company has procured equipment for some repowers during the past year under another federally funded grant. If we are selected for DERG funding, could we just do our procurement as an add-on to the existing contract?

A3. That will depend on the contract and how you propose to add on to it. One DERG –funded school district in the past round was able to do an add-on, but add-ons would not be permitted if the contract contained Buy-Ohio price preferences. Contact Dave Moore or Randy Lane at ODOT with more on this question.

Q4. Because our municipality would have to bid out an awarded project in the new fiscal year that begins in January, 2013, would that be an acceptable start date to enter into a project contract?

A4. Yes. Please see Q21 in the finance section for more details on when you should enter into a contract and whether any additional explanation is needed.

Diesel Emissions Quantifier (DEQ)

Q5. Page 14 of the application guidelines requests cost effectiveness estimates in dollars per kilogram of reduced emissions per day. The Diesel Emissions Quantifier provides cost effectiveness estimates in dollars per ton of annual emissions. Which should we use?

A5. You do NOT need to convert cost-effectiveness from dollars (\$)/ton to dollars (\$)/kilogram. The Diesel Emissions Quantifier (DEQ) will calculate emission reductions for each pollutant (e.g., NO_x and PM_{2.5}) in kg/day and in tons/year, and cost-effectiveness for each pollutant in dollars (\$) per ton of pollutant removed on an annual (yearly) basis. Cost-effectiveness in dollars (\$) per ton of pollutant removed on an annual basis (yearly) is the correct format to use.

Q6. I am a public school district looking for replacement buses. Are there standard levels of PM and NO_x emissions for school buses?

A6. DERG applicants should use US EPA's Diesel Emissions Quantifier (DEQ) tool posted online at <http://www.epa.gov/cleandiesel/quantifier/> to come up with the emissions estimates for the old and new vehicles. You will enter specific information about the vehicles (gross vehicle weight, annual miles travelled, engine model and year, etc.) into the DEQ and it will generate the emissions benefits estimate and cost effectiveness estimate for you. If you are new to using the DEQ, the "Frequently Asked Questions" and "User's Guide" posted under "more Help" on the DEQ Web page are very helpful. Contact Alan Harness at Ohio EPA with questions about the DEQ.

Q7. How do I enter the total project cost split into the Diesel Emissions Quantifier (DEQ)?

A7. In general, enter the total project cost based on the quote(s) you have received, with 80% allocated to CMAQ and 20% allocated to local match or your operating budget. When first entering data into the DEQ you will be prompted to enter information for the “Fleet name”, “Fleet Type”, and “State.” Next, be sure and select “Yes” for estimating the total cost effectiveness of the project. A drop-down box will appear that will allow you to insert cost values as appropriate. In the “CMAQ” box insert 80% of the total capital cost of the project and in the “Match/lev” box insert 20% of the total capital cost. Click on the “save fleet” box and continue on with entering the rest of the information for the fleet as requested by the DEQ. NOTE THAT FOR THIS GRANT CYCLE, WE WILL RANK THE COST EFFECTIVENESS OF PROJECTS BASED ON THE AMOUNT OF EMISSION REDUCTIONS PER CMAQ DOLLARS REQUESTED (THE 80%).

Q8. The cost effectiveness number from the Diesel Emissions Quantifier is based on 100% of the project cost, not the 80% requested amount, so there is no incentive to provide a stronger match. The RFP says that the cost effectiveness will be scored based on the DERG-funded amount and not the capital cost of the total project, which is what the quantifier will produce if you enter the 80/20 split?

A8. When using the DEQ, please input capital cost inputs for both the CMAQ funded amount (i.e., 80%) and the “match” amount (i.e., 20%) which would provide a total cost-effectiveness for the entire project. For this grant cycle, we will rank the cost effectiveness of projects based on the amount of emission reductions per CMAQ dollars requested (the 80%). We do want to provide an incentive for applicants to provide a stronger match, so we may revisit this issue for the September 2012 application cycle.

Q9. We are running the DEQ to replace an old truck and need to enter an additional feature – how do we include a cab heater in the original vehicle?

A9. The Diesel Emissions Quantifier (DEQ) Users Guide page 7, Section 2.3.3 provides instructions on how to apply an emission control technology to a vehicle group, including multiple emission control technologies, as applicable, to a vehicle group.

Q10. Where are the Frequently Asked Questions for the Diesel Emissions Quantifier?

A10. On the DEQ home page <http://www.epa.gov/cleandiesel/quantifier/> in the upper right hand corner there is a box for “More Help” that includes both the FAQs and a user’s guide.

Finance

Q11. By “Total reimbursed cost request” what do you mean?

A11. This is the grant-funded portion of the project cost (i.e., at most 80% of revised project cost after adjusting for scrap value, if applicable)

Q12. Can a portion of a fleet be funded, or is it all or nothing?

A12. We may choose to forward some portions of a fleet or project request to FHWA for funding, and reject specific line items or vehicles.

Q13. If I'm doing a total replacement, how do I estimate costs?

A13. We would encourage you to submit a vendor quote with your application, or similar documentation to show how the cost of the project request was determined. This quote is not binding and does not guarantee that vendor will be selected when the projects that are funded are competitively bid later on.

Q14. Is there any possibility that full replacement rather than partial replacement costs will be allowable in the September DERG grant cycle?

A14. Not likely, because this would require a change in federal transportation legislation.

Q15. If we provide a match greater than 20%, can we assume that the project will be regarded as more competitive?

A15. We certainly like to see a stronger match. Because of difficulties encountered factoring in the strength of match fairly in the previous rounds of the DERG program, we did not include that as a factor for scoring proposals in the current round. Projects this cycle will be scored based strictly on the extent of emission reductions and cost effectiveness of the CMAQ funds requested. In the next round of DERG funding (September 2012), an incentive for stronger matches may be provided.

Application

Q16: I'm a public school district, should I be applying to the DERG program or the Ohio Clean Diesel School Bus Program?

A16: For replacement buses or engine repowers, you may apply to the DERG program if your buses are operating at least 65% of the time in one of the DERG-eligible counties. If you are interested in retrofitting pollution controls or idle reduction such as pre-heaters onto your buses, you may want to consider applying to Ohio's Clean Diesel School Bus grant program instead. Its application is much simpler and there is less competition for those funds. Ohio EPA will estimate the emissions reduction benefits of the project for applicants to the Clean Diesel School Bus program. Applicants to the DERG program must use the Diesel Emissions Quantifier

themselves to provide that estimate to submit with their application to the DERG program. Public school districts in any Ohio county are eligible to apply for the Clean Diesel School Bus grants. Links to both programs are at www.epa.ohio.gov/oeo and Carolyn Watkins will be happy to discuss which program best fits your project.

Q17. If our application is accepted, how long do we have to complete the project?

A17. In general, we would like to see a clear timeline that shows a large project can feasibly be completed within two years from the date of award, or one year for smaller, simpler projects.

Q18. Would there be any possibility of extending the March 30 application deadline?

A18. Unfortunately no, because of the timeline to approve projects during federal Fiscal Years. There will be another round of DERG funding, with a tentative application deadline of September 28, 2012.

Q19. On page 7 of the RFP, there are six bullets listing things that should be included in the discussion of how the project meets CMAQ eligibility. How much detail is needed?

A19. The applicant needs to provide enough detail to help us understand the project scope and how it reduces emissions, and to make it possible for FHWA to make a program eligibility determination. The more nontraditional the project, the more detail will be helpful. Please see Appendix F of the DERG RFP, pages 3-7 for more discussion of what kind of information should be included in the project narrative for the different types of projects (replacement, repower, retrofit and anti-idle), and also the corresponding sections in US EPA's guidance document for the *Diesel Emissions Reduction Program (DERA): Technologies Fleets and Project Information* (<http://www.epa.gov/cleandiesel/documents/420p11001.pdf>). This DERA guidance provides more specifics and examples on topics such as how to document remaining useful life of a vehicle; documenting when vehicles are scheduled for replacement under normal circumstances; documenting certified engine configurations; ensuring that contract bid requests are written correctly so that verified technology is purchased and installed for specific applications; ensuring that the equipment will be properly maintained and operated; and ensuring that the original engine is working properly and performing its intended function in normal duty service.

Q20. Is the EIN requested on the first page of the application form (in Section 1-b) our tax ID number?

A20. Yes.

Q21. In the budget estimate in Section 3 of the application, what is meant by "Expected date to enter into contract"?

A21. The approximate start date for the project, when the grant recipient makes arrangements to purchase equipment and/or services from the equipment vendor. For projects in this grant cycle, we would like to see start dates within in the June 2012 – January 2013 time period. If more time is needed before the project can begin, the project description narrative portion of the application should explain why.

Q22. The Ohio Shared Services Form in Appendix E of the application – is that to be filled out by the equipment vendor?

A22. No, that form should be filled out by the applicant project director's fiscal agent. This form is used by the state to set you up in the state purchasing system as a "vendor" so that you can receive grant payments from the state. NOTE THAT VIRTUALLY ALL LOCAL GOVERNMENTS ARE ALREADY ENTERED INTO THE OSS "OAKS" SYSTEM TO RECEIVE PAYMENTS FROM THE STATE. IF OSS ALREADY HAS YOUR VENDOR INFORMATION ON FILE, YOU DO NOT NEED TO INCLUDE THIS FORM WITH YOUR DERG APPLICATION. Private companies that are already entered into the OSS "OAKS" system as a vendor to the state also do not need to submit this form. Please include a note in your project narrative to that effect.

Q23. When filling out the fleet data spreadsheet, can we combine vehicles of the same type into a single line?

A23. Yes, if the engine type and model year are the same.

Q24. I am applying to replace one vehicle. Do I need to complete the Fleet Data Spreadsheet?

A24. No, Ohio EPA will accept the same information in another format if that is easier for you. Be sure to include the specific vehicle information that is requested in the spreadsheet, such as weight, engine type and model year, annual miles travelled, idling times (if appropriate) and so on.

Q25. Will you tell us if we are not funded?

A25. Yes, Ohio EPA will post the ranked list of recommended projects onto the DERG Website at <http://www.epa.ohio.gov/oeef/derg.aspx> . Be aware that if one of the awarded projects does not perform to meet the terms of their grant agreement, Ohio EPA and ODOT have reserved the right to revoke the grant and award it to the next-highest ranked applicant.

Public-Private Partnerships

Q26. We are a private fleet seeking a public sponsor, but were unable to meet Clean Fuels Ohio's request that information be provided to them by March 5th to be considered for bundling together in their proposal. Who could be our sponsor?

A26. Any local government entity who is willing to enter into a Public Private Partnership Agreement attesting to the public value of the proposed project could serve as a public sponsor. The Ohio Air Quality Development Authority, Ohio Rail Development Commission, Ohio Turnpike Commission, and Ohio EPA are potential public sponsors at the state level.

Q27. On public private partnerships, does the Ohio EPA administer the grants?

A27. ODOT will contract with the public sponsor in the partnership. If Ohio EPA is the public sponsor, ODOT will contract with Ohio EPA for administration of that project. If another public entity is the public sponsor, ODOT will contract with that entity.

Q28. What is needed to meet the requirement that private fleet projects be competitively bid? Will private fleets have access to assistance from the ODOT district offices on this?

A28. Typically, a project should be publicly advertised for a period of at least three weeks. Depending on the size and scope of a project, there could be a solicitation of quotes or a solicitation of bids. Private fleets will be applying through a public sponsor, and ODOT will contract with that public sponsor. Assistance from the ODOT district offices will be available to ensure that competitive procurement procedures are followed.

Equipment

Q29. We operate a small fleet of trucks that we are interested in purchasing APUs and side skirts for. They operate in and out of the eligible non-attainment counties, and we track their movements with GPS. For purposes of demonstrating over the next five years that the trucks were operating 65% of their time in the eligible counties, could we make that demonstration for the fleet as a whole, or does that tracking have to be specific to each vehicle?

A29. The tracking has to be specific to each vehicle that is retrofitted. We are open to suggestions from applicants on the use of GPS data, vehicle logs or other methods to most efficiently make this demonstration.

Q30. Are fire department vehicles eligible?

A30. Yes, diesel vehicles operated by fire departments would be regarded as general service government fleets. According to the April 6, 2011 CMAQ guidance on Federal Cost Principles and CMAQ Alternative Fuel Vehicles Projects (posted at http://www.fhwa.dot.gov/environment/air_quality/cmaq/policy_and_guidance/cmaqaltfuel.cfm) only the costs associated with the components of the replacement vehicle that reduce

emissions (typically the engine and engine management software) would be eligible for 80% reimbursement. These vehicles would also be eligible for reimbursement for retrofits or anti-idling equipment.

Q31. How do we document that an engine is in proper working order, or how much remaining useful life it has?

A31. In the narrative portion of your project description, include a discussion of how the engine is being maintained in normal duty service, and your normal schedule for replacing it. There are helpful examples in US EPA's guidance document for the *Diesel Emissions Reduction Program (DERA): Technologies Fleets and Project Information* that is posted at <http://www.epa.gov/cleandiesel/documents/420p11001.pdf>. For transit vehicles, the Federal Transit Administration has published guidance on the *Useful Life of Transit Buses and Vans, Report No. FTA VA-26-7229-07.1*, posted at <http://www.fta.dot.gov/documents/Useful Life of Buses Final Report 4-26-07 rv1.pdf>

Q32. We're a school district, and we might have a "normal schedule" that calls for replacing buses after 12 years of operation, but that schedule is meaningless if we don't have the money to replace them, we have to keep patching them up and using them for a lot more years. How do we explain the remaining useful life? (same question was received about a truck fleet that normally would like to replace vehicles after 12 years, but now is having to operate for up to 20 years)

A32. In the narrative portion of your project description, you can explain that you do not have the economic resources needed to replace vehicles on their normal replacement schedule, describe your experience maintaining these older vehicles, and how many more years you reasonably expect to be able to keep each vehicle you are requesting to replace in service before it would have to be scrapped.

Q33. I want to replace three locomotives with 1 more efficient locomotive – can I add them together? (This question was also asked about replacing two older fire trucks with 1 newer replacement fire truck and how to enter that into the DEQ)

A33. In your application, you may list only one older vehicle to be replaced for every one new replacement vehicle out of fairness for all applicants. Therefore, you should select your oldest, dirtiest vehicle and list its data only.

Q34. We want to replace a construction vehicle that travels less than 5,000 miles per year but operates for a lot of hours – can we do that?

A34. Yes, the 5,000 miles per year figure is a rule of thumb for school buses. For construction equipment, please give us the odometer and explain how many hours the engine is in operation each year and on what kinds of projects. Please remember that the equipment must be operating on surface transportation projects (Title 23) within Ohio nonattainment areas.

Q35. We want to replace a 72-passenger bus with a 42-passenger bus with wheelchair accessibility, is that acceptable?

A35. Yes, the replacement vehicle should be performing substantially the same service but this kind of variation is acceptable. Our primary focus in evaluating the project proposal will be on the emission reductions.

Q36: When an existing vehicle is being scrapped or decommissioned, what type of title goes to the dealer? Do we just sign the title over?

A36: That would be acceptable. For turning vehicles over to scrap yards, there are standard title procedures for that kind of transaction.

Q37. How many miles a year does a school bus have to travel to be eligible for replacement? I am a public school district looking to replace some of my oldest buses that have been taken off regular routes and are currently used as spare buses when a regular route bus is down for repairs. It makes sense for us to use the new replacement buses on regular routes, and move other older route buses to spare bus status. Which data do I enter in the DEQ for the bus being replaced?

A37. The rule of thumb we use for school buses is that they should be travelling at least 5,000 miles per year to be eligible for replacement. There are two possible ways to handle this.

Option One: In the project description narrative, you can explain that the bus being replaced may currently be travelling less than 5,000 miles per year in spare status, but that the replacement bus will be traveling more than 5,000 miles per year in regular route status. When you enter the engine data for the old bus that is currently in spare bus status, enter the annual miles being travelled by the bus that is being replaced (in this example, the spare bus). For the data on the replacement bus, enter the annual miles that would be travelled on the route that the new bus will be used on.

Option Two: If the route bus that's being replaced and then used as the new spare bus is a newer model than the old spare bus then a 1:1 comparison does not account for all of the project's emissions reductions. Instead you could combine two separate calculations to most accurately estimate the project's emissions reductions, as follows.

Old route bus total emission (higher emissions) - New replacement bus total emissions (with lower emissions) = Net emissions reductions from the replacement of older bus with new, lower emissions bus

Old spare bus total emissions (higher emissions) – new spare bus total emissions(i.e., the old route bus with lower emissions) = Net emissions reductions from the replacement of the spare bus with a newer, lower emissions bus

All of the above emissions calculations would come from running the Quantifier for each model year bus using the same mileage as the bus being replaced. You would look at total emissions only...no control equipment info would be used (i.e., no reductions would be calculated by the Quantifier).

Example:

The old route bus is a 1996 model emitting 100 lbs/year of PM over 15,000 miles/year. The new 2012 bus emits 20 lbs/year PM driving the same distance. The net reduction is 80 lbs/yr PM.

The old spare bus is a 1988 model and emits 50 lbs/yr of PM over an average of 2,000 miles/yr. The new spare bus (the old 1996 model route bus that was replaced) emits 13 lbs/yr PM when driven the same distance. The net reduction would be 37 lbs/yr PM

The project total is the sum of those reductions, 117 lbs/yr PM.

Q38. We are requesting to replace an old school bus with a new bus. Is it acceptable for the new bus to be assigned to a different route than the old bus?

A38. Yes. Explain in the narrative that the new vehicle will be performing the same duties as the replaced vehicle, but on a different route. When you enter the annual mileage information for the new bus into the Diesel Emissions Quantifier, enter the annual miles you expect it will travel on the route it will be assigned to, based on your experience with how many miles the bus currently assigned to that route is travelling per year.

Q39. We have an Ohio Clean Diesel School Bus grant paying to install pre-heaters for idle reduction onto some of our buses. We would like to apply to DERG for replacement buses for these and some of the other buses in our fleet. Can we replace the buses scheduled to receive the pre-heaters? Can we move the pre-heaters to the new buses or another bus?

A39. If you have an existing Ohio Clean Diesel School Bus grant, you have a contractual agreement to maintain the retrofit equipment in operation for a period of four years from the date of installation. We would not allow you to replace a retrofitted bus unless you can show that the retrofitted equipment will be removed and installed on another bus that is the engine type/year that the retrofit equipment is verified for. Also, the other bus must be operating for approximately the same or greater miles per year than the bus originally approved for the retrofit. If there is not a suitable bus in your fleet to receive the retrofit equipment, and if the new buses being purchased do not need or cannot use the retrofit equipment that you want to transfer between buses, the retrofit equipment could be transferred to an appropriate bus operated by another school district in Ohio. In your application project description narrative, please include data for the buses that the retrofitted equipment will be transferred to, and if they are operated by another school district, please include written confirmation from that

school district that they are agreeing to install the equipment onto their buses and maintain the retrofitted equipment in operation for at least the remaining portion of the four-year commitment. Contact Carolyn Watkins with questions on what to include in the application.

Q40. We have a project involving two locomotives that operate at each end of the train. We want to remove the engine and gen set in the control locomotive – that’s not necessarily a retrofit or repower, is it eligible?

A40. That would generally be eligible if you can show a significant reduction in emissions. For a non-traditional project such as that, we would request that you coordinate with ODOT and the Ohio Rail Development Commission as you are preparing your application. If the project is advanced for funding, the grant would reimburse 80% of only the emissions-producing components of the engine and engine software.

Q41. Would county-owned trucks being used to haul waste water treatment sludge be categorized as a refuse truck?

A41. We think so, but please send specifics to Carolyn Watkins so that we can verify their eligibility with FHWA.

Q42. We are looking to purchase a replacement snowplow truck with a tier 4 engine. Is the plow eligible or just the truck?

A42. In general, FHWA has said that if the add-on is incidental to the cost of the vehicle, then it could be included. We would like for the project description portion of the grant application to explain whether the plow from the existing vehicle could be transferred to the new vehicle, or whether the new plow is needed to make the new vehicle operational.

Q43. We would like to purchase a new ambulance and keep the old ambulance in service. Do we have to destroy the old engine?

A43. Yes, the purpose of these public funds is to remove polluting older vehicles from service, which is why we require documentation that the replaced engine has been destroyed.

Q44. Are APUs a verified technology for installation onto a locomotive? Can our mechanic do the installation?

A44. Yes, US EPA’s SmartWay program has verified APU equipment from three vendors for purposes of idle reduction on locomotives, with the list posted at <http://www.epa.gov/smartway/technology/idling.htm>. You should make certain that the equipment is verified for your specific locomotive type. You may use your in-house personnel to install the equipment if that does not invalidate the APU equipment warranty, but grant funds will not reimburse those installation costs unless the installation is performed by outside personnel.

Q45. How do I show remaining useful life, and that the vehicle is not being replaced in normal turnover?

A45. See Appendix F of the DERG RFP, this section describes what kind of information should be provided in applications for replacement projects. Appendix F also refers to discussion of this topic in US EPA's DERA guidance. Explain your normal policy for replacing aging vehicles in your fleet, and how long you would expect to continue to operate the vehicle if the grant funds were not available. Your equipment dealer/vendor should be able to advise you on remaining useful life of the old vehicle.

Q46. Where do I get the scrap value of the replaced vehicle? What about old school buses that are traded in to the manufacturer?

A46. Please obtain an estimate of the scrap value specific to that vehicle type and condition from a scrap dealer or the manufacturer, if the manufacturer takes back old vehicles. Remember that destruction of the old vehicle engine must be certified, so the scrap dealer or manufacturer should take that into account in preparing the estimate.

Q47. We want to apply to use grant funds for infrastructure that is not associated with a specific fleet of vehicles. Is that eligible?

A47. As stated on page 10 of the RFP, Ohio EPA is primarily interested in supporting projects that result in direct reductions in emissions, and will consider funding infrastructure components that are 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 or repowers. Ohio EPA will also closely scrutinize the assumptions used by the applicant in the Diesel Emissions Quantifier about the projected demand for and vehicle use of infrastructure like fueling stations and truck stop electrification (TSE) spaces.

Q48. If our locomotive operations are based in two counties that are not shaded on the map of CMAQ Program Eligible Counties and Townships, are we eligible to apply?

A48. If your locomotives are operating primarily in *unshaded* counties on the map, they would not be eligible for this funding program. If you can show that any of your locomotives are and will continue to be operating at least 65% of the time in the eligible *shaded* counties on the map, those particular locomotives would be eligible for replacement/repower/retrofit/anti-idling with grant funds, regardless of where your operations are headquartered.