



Oklahoma Department of Environmental Quality Volkswagen Settlement Trust On-Road2 Grant Solicitation

**Application
Deadline
Sept 30, 2024**

PROGRAM SUMMARY

The Oklahoma Department of Environmental Quality (DEQ) will use over \$6,500,000 from the Oklahoma Volkswagen Settlement Trust (Trust) to implement a second reimbursement program to replace or repower eligible on-road vehicles. The goal of this program is to reduce nitrogen oxide (NOx) emissions by replacing or repowering older vehicles with newer diesel or alternative fueled vehicles. This is a competitive funding opportunity available to government and non-government applicants seeking to improve their heavy truck, medium truck, or bus fleets. A cost-share may be required for funding under this program.

APPLICATION PROCESS

This document describes the requirements for the On-Road Program. By submitting a complete application, the applicant is agreeing to the contents of this document. An application may include multiple vehicles and/or fuel types. A partial application of one or more projects may be awarded. All required information and documentation must be received before the application deadline for the application to be considered complete. Incomplete applications will not be evaluated. Actions and performance of projects previously awarded under an Oklahoma Volkswagen Program may affect eligibility for this funding opportunity. Applications must be received by **4:00 pm on September 30, 2024**.

Applications will be evaluated and scored as outlined in the "Application Evaluation" section below. After application evaluation, potential awardees will be contacted to provide additional required documentation as outlined in the "Application Requirements" section below. Once DEQ approves all required documentation, successful applicants will receive a pre-award packet containing the *Memorandum of Agreement* (MOA) and other necessary documents. This packet is **not** an approval to begin the project. Delivery of the pre-award packet may take a few months while DEQ acquires the funding from the Trust. The applicant will need to read, initial and sign the MOA and then return it to DEQ for final execution. After DEQ finalizes the MOA, the applicant will receive a copy of the final MOA and an official *Notice to Proceed*. Project work must not begin before receiving this *Notice to Proceed* and any funds spent prior to this official notice will not be reimbursed. Projects must be completed by June 30, 2027. Extensions to this deadline will only be granted based on a demonstrated need and must be approved in writing by DEQ prior to the project deadline. Requests for extension must be submitted to DEQ by 4:00 pm on May 31, 2027. Upon completion of the project and receipt by DEQ of all required documentation, reimbursement will be made.

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

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

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

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

DEFINITIONS

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

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

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

“Class 4-7 Local Freight Trucks (Medium Trucks)” shall mean trucks, including commercial trucks, used to deliver cargo and freight (e.g., courier services, delivery trucks, box trucks moving freight, waste haulers, dump trucks, concrete mixers) with a Gross Vehicle Weight Rating (GVWR) between 14,001 and 33,000 lbs.

“Class 4-8 Shuttle Bus, or Transit Bus (Buses)” shall mean vehicles with a GVWR greater than 14,001 lbs. used for transporting people.

“Class 8 Local Freight, and Port Drayage Trucks (Eligible Large Trucks)” shall mean trucks with a GVWR greater than 33,000 lbs. used for port drayage and/or freight/cargo delivery (including waste haulers, dump trucks, concrete mixers).

“CNG” shall mean Compressed Natural Gas.

“Drayage Trucks” shall mean trucks hauling cargo to and from ports and intermodal rail yards.

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

“Gross Vehicle Weight Rating (GVWR)” shall mean the maximum weight of the vehicle, as specified by the manufacturer. GVWR includes total vehicle weight plus fluids, passengers, and cargo.

Class 1: < 6000 lb.	Class 5: 16,001-19,500 lb.
Class 2: 6001-10,000 lb.	Class 6: 19,501-26,000 lb.
Class 3: 10,001-14,000 lb.	Class 7: 26,001-33,000 lb.
Class 4: 14,001-16,000 lb.	Class 8: > 33,001 lb.

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

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

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

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

PROGRAM ELIGIBILITY

Any government or non-government entity may apply for On-Road Program funding. The eligible vehicle must be operational, registered and used in Oklahoma for the preceding two (2) years. The eligible vehicle must not be scheduled to be replaced under normal attrition. Repowered or replacement vehicles must perform the same function and in the same area as the old vehicle. The new vehicle/engine must be operated in Oklahoma for at least five (5) years. The replacement vehicle/engine must be EPA- or CARB-certified to the engine model year in which the project occurs or one engine model year prior. The vehicle/engine being replaced must be scrapped as outlined later in this document. Vehicles being repowered or replaced may be hydrogen fuel cell powered. The following vehicles are eligible for funding consideration.

Class 8 Local Freight Trucks and Port Drayage Trucks (Eligible Large Trucks)

Eligible Large Trucks include 1992-2009 engine model year Class 8 Local Freight or Drayage. Eligible Large Trucks may be Repowered with any new diesel or Alternate Fueled engine or All-Electric engine, or may be replaced with any new diesel or Alternate Fueled or All-Electric vehicle, with the engine model year in which the Eligible Large Trucks Mitigation Action occurs or one engine model year prior.

Class 4-8 Shuttle Bus or Transit Bus (Eligible Buses)

Eligible Buses include 2009 engine model year or older class 4-8 shuttle buses or transit buses. Eligible Buses may be Repowered with any new diesel or Alternate Fueled or All-Electric engine, or may be replaced with any new diesel or Alternate Fueled or All-Electric vehicle, with the engine model year in which the Eligible Bus Mitigation Action occurs or one engine model year prior. School buses are not eligible under this program.

Class 4-7 Local Freight Trucks (Eligible Medium Trucks)

Eligible Medium Trucks include 1992-2009 engine model year class 4-7 Local Freight trucks. Eligible Medium Trucks may be Repowered with any new diesel or Alternate Fueled or All-Electric engine, or may be replaced with any new diesel or Alternate Fueled or All-Electric vehicle, with the engine model year in which the Eligible Medium Trucks Mitigation Action occurs or one engine model year prior.

ELIGIBILITY EXCLUSIONS

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

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

AWARD AMOUNTS

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

On-Road2 Program Maximum Percentage of Reimbursable Cost				
	Non-Government		Government	
	Class 8 Large Trucks	Repower	40%	Repower
Class 4-7 Medium Trucks	Replace	25%	Replace	100%
Class 4-8 Shuttle & Transit Buses	Electric Repower	75%	Electric Repower	100%
	Electric Replace	75%	Electric Replace	100%

Trust funds awarded pursuant to this grant solicitation can be used as a match for another funding assistance program, such as a federal grant, if specifically allowed under the other funding assistance program. If an applicant intends to use federal grants or any other funding assistance program monies as a match for this funding opportunity, such intent must be stated on the project application. In addition, the applicant must provide confirmation that the other funding assistance monies are allowed to be used as a match for Trust funds as an attachment to the project application. Trust funds must be specifically named in the provided confirmation. Acceptable forms of written confirmation are official documents supporting the other funding assistance program and issued by the administrator of the program, such as FAQs, grant solicitations, or guidance documents.

APPLICATION EVALUATION

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

Cost Effectiveness—High Priority

DEQ will prioritize projects that have the lowest program cost per ton of NOx reduced. Cost is the amount of funding being requested for a vehicle/engine. NOx reduction is calculated using the Heavy Duty Vehicle Emissions Calculator provided by Argonne National Laboratory. The vehicle/engine parameters provided in the application will be used as inputs for the calculation. For consistency, the vehicle useful lifetime is set at 25 years and vehicles in use for the year prior to application are assumed to have a minimum 2 years of lifetime remaining. The lower the cost per NOx reduction, the higher the points awarded.

Geographic Area of Burden—High Priority

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

1. Counties that are in the Oklahoma City and Tulsa Metropolitan Statistical Areas and are in potential non-attainment of National Ambient Air Quality Standards
2. Counties with the highest mobile-source NOx emission rankings for Oklahoma as provided in the 2020 National Emissions Inventory
3. Counties containing greater than 1% of the State's registered Volkswagen Settlement Subject Vehicles

Matching Funds—Medium Priority

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

Project Benefits if NOT in a Priority County—Medium Priority

Points will be awarded for project benefits that have not been awarded points through the items listed above. Projects that are **not** located in counties of concern may receive points if they are located in general proximity to areas that have proportionately higher than average traffic from diesel engines. These areas include:

1. The I-40, I-35, and I-44 traffic corridors
2. Truck stops
3. Ports
4. Rail yards
5. Terminals of freight or passenger lines
6. Construction sites
7. Bus Depots/yards
8. Distribution centers

Organization Type—Medium Priority

Government entities will be given priority with additional points awarded

Fuel Type—Low Priority

Points will be awarded for the use of Hydrogen Fuel

Project Ability—Low Priority

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

APPLICATION REQUIREMENTS

Applicants must complete and provide the items listed below as part of the application process. Items not received by deadlines will void the application. Actions and performance of projects previously awarded under an Oklahoma Volkswagen Program may affect eligibility for this funding opportunity. Registration with the State of Oklahoma as a vendor/supplier is required. This can be done at: <https://oklahoma.gov/omes/services/purchasing/supplier-portal.html>

Application attachments

The following items must be included with the application submittal.

- Vendor quotes—detailed and itemized cost estimates for each vehicle/engine
- Idle reduction policy—company document describing efforts to reduce idling
- A completed IRS form W-9
- Copy of the vehicle(s) title listing the applicant as the owner
- Copy of the vehicle(s) registration documenting the preceding two years of registration in Oklahoma
- Old vehicle(s) documentation
 - Photos of the front, rear, right side and left side, including tires, of the vehicle being replaced
 - Photos of the vehicle displaying its fleet number
 - Photos of the vehicle clearly showing current registration and license plate
 - Photos of the vehicle identification information; including VIN, Make, Model, Year, GVWR
 - Photos of the entire engine
 - Photos of the engine identification information; including Make, Model, Year, EPA engine family name, Horsepower, and Serial number

New vehicle documentation

The recipient must notify DEQ of new vehicle delivery. Within sixty (60) days of delivery and acceptance of the new vehicle/engine, the applicant must provide the following documentation.

- Photos of the front, rear, right side and left side, including tires, of the vehicle being replaced
- Photos of the vehicle displaying its fleet number
- Photos of the vehicle clearly showing current registration and license plate
- Photos of the vehicle identification information; including VIN, Make, Model, Year, GVWR
- Photos of the entire engine
- Photos of the engine identification information; including Make, Model, Year, EPA engine family name, Horsepower, and Serial number

Scrappage

The eligible vehicle/engine being replaced must be scrapped within sixty (60) days of receiving the new vehicle/engine. Within fourteen (14) days of disabling the vehicle, photos documenting the disabling must be provided to DEQ. Photos must include the vehicle after disabling and must also clearly show the VIN. At a minimum, a three-inch hole will be drilled through the engine block and the chassis will be disabled by cutting both frame rails in half. Other methods of scrappage may be considered on a case-by-case basis. Any other method of scrappage must be approved by DEQ prior to scrappage, occur within the project period, and completely disable the body and engine of the vehicle/engine. Any parts from the old vehicle may be salvaged for reuse or sold as scrap.

AWARD CONDITIONS

Notification

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

Memorandum of Agreement

To receive funding, the recipient must enter into a MOA with DEQ committing to the terms of the award. The MOA will establish project timelines, the reimbursement process, reporting requirements, record retention requirements, and other applicable information. The recipient will first need to read, initial, and sign the MOA, which must be returned to DEQ within fourteen (14) days. Once DEQ finalizes the MOA, a Purchase Order will be requested. The recipient will receive a copy of the final MOA, a Purchase Order, and an official Notice to Proceed that signals the beginning of the project. Please note that until recipients receive this Notice to Proceed, they are not permitted to begin work on their approved project and any funds spent prior to official notification will not be reimbursed. Without a fully executed MOA in place, the applicant assumes all costs for the purchases and installation.

Payment

The applicant is responsible for financing the project and will be reimbursed for the lesser of the award amount specified in the signed MOA or the approved total on the reimbursement request. To be reimbursed, selected applicants must complete the project, submit all required supporting documents to DEQ, and fulfill any other requirements as listed in their MOA. Within sixty (60) days after the project is completed, the applicant must submit a completed request for reimbursement form. DEQ staff will do a review to ensure that requirements have been met before approving payment. After reimbursement has been approved, it may take up to forty five (45) days for DEQ to process the payment.

Reporting and recordkeeping

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

EXAMPLE TIMELINE

September, 2024	Application deadline
November, 2024	Notification of potential award
March, 2025	MOA to sign
14 days after receiving MOA	Signed MOA sent to DEQ
May, 2025	Award packet with Notice to Proceed
June, 2025	Order new vehicle
June 15, 2025	Semiannual report
December 15, 2025	Semiannual report
June 15, 2026	Semiannual report
December 15, 2026	Semiannual report
60 days after new vehicle delivery	Scrappage of old vehicle and documentation of new vehicle
14 days after scrappage	Documentation of scrappage
60 days after project completed	Reimbursement request
45 days after reimbursement request	Payment
June 30, 2027	Project completion deadline