STATE OF OKLAHOMA
DEPARTMENT OF ENVIRONMENTAL QUALITY
FISCAL YEAR 2023/2024 OKLAHOMA CLEAN DIESEL GRANT PROGRAM
GRANT SOLICITATION

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I. FUNDING OPPORTUNITY DESCRIPTION

A. Summary

The Oklahoma Department of Environmental Quality (DEQ) is soliciting proposals for projects that reduce emissions from and improve fuel efficiency of diesel engines. Only school bus projects are eligible for the award. **Potential projects include the replacement of diesel school buses throughout Oklahoma with new diesel, gasoline, all-electric, propane (LPG), or natural gas (LNG or CNG) school buses**. The grant funds will be for the purchase of school buses certified by the Environmental Protection Agency (EPA). This is the second round of applications for the Fiscal Year 2023 and 2024 (FY23/24) DERA grant program. For this application period, the first complete applications with eligible projects will be chosen until all funding has been awarded.

B. Funding

The total funding available for this grant is approximately $250,000. DEQ will award the assistance agreements for projects resulting from this announcement. The anticipated number of awards is variable due to the number and type of applications received as well as available funding. Funding will be in the form of cooperative agreements; each successful subgrant recipient must enter into a grant agreement in the form of a Memorandum of Agreement (MOA) with DEQ. Funding will be paid out as reimbursements after the applicant has initially expended funds from another funding source.

C. Funding Closing Date

Applications will be accepted starting November 5, 2026, and will be closed when all funding has been awarded. For this application period, the first eligible applicants will be awarded as applications are received and reviewed, instead of using ranked scoring. The application period will end when all the funding has been awarded. All projects must be completed, and all monies must be spent by May 29, 2027. Project funds not spent by the subgrant recipient by May 29, 2027, may be forfeit.

II. ELIGIBILITY INFORMATION

A. Eligible Entities

The FY23/24 grant program will be open to all school districts in Oklahoma that transport students in grades pre-Kindergarten through 12.

B. Eligible Projects

Applications containing projects that will achieve emissions reductions through school bus replacements will be considered. Potential projects are described below.

Vehicle Replacements

Types A-D diesel school buses are eligible to be replaced with newer, cleaner school buses that operate on diesel, gasoline, all-electric, LPG, or CNG and meet a more stringent set of engine emission standards certified by EPA. The following restrictions apply:

i. Eligible Buses to be replaced must meet all the following:
   a. must be diesel fueled.
   b. must be fully operational, meaning it must be able to start, move, and have all necessary parts to be operational.
   c. must be used to carry a driver and more than ten students to and from school or related events on a regular basis.
   d. must be currently owned and operated by participating fleet owner and for the two years prior to upgrade.
   e. must have at least three years of remaining life at the time of upgrade.
   f. must have accumulated at least 7,000 miles/year during the two years prior to upgrade
   g. must have an engine model year (EMY) 2009 or older, if being replaced with a bus that has an engine certified to meet EPA emissions standards. If the replacement school bus is an all-electric vehicle there is no year restriction on the school bus being replaced.
   h. must be school bus Type A, B, C, or D.

ii. Eligible Replacement Projects must include all of the following:
   a. a school bus or buses fueled by diesel, gasoline, all-electric, propane (LPG), or natural gas (LNG or CNG).
   b. a new replacement school bus or buses with EMY 2021 or newer.
   c. bus or buses with a Type A, B, C, or D that is the same Type as the Eligible Bus to be replaced.
   d. the new replacement school bus must not be of a larger class of Gross Vehicle Weight Rating (GVWR) or horsepower than the existing school bus.
   e. the new school bus or buses must meet EPA's heavy-duty highway engine emission standards.
   f. must resemble the replaced school bus and perform similar function and operation

The cost of optional components or "add-ons" that significantly increase the cost of the vehicle may not be eligible for funding under the grant. All-electric vehicle replacements may include the cost of charging infrastructure and charging infrastructure installation.

All eligible replacement projects must be early attrition projects. Early attrition refers to a project where a vehicle is replaced before that vehicle is scheduled to be replaced. For the purposes of this grant, any vehicle that is due to be replaced, scheduled to be replaced, or has a life expiration date before September 30, 2027, is considered to be normal attrition and therefore not eligible for the Oklahoma Clean Diesel Grant Program.

The vehicle being replaced must be scrapped within 90 days, and proof of scrappage must be provided to DEQ prior to reimbursement. "Scrapped" is defined by the EPA as having a greater than three-inch hole drilled through the engine block and cutting both frame rails. Proof of scrappage includes:

1. completing the Certificate of Destruction for each bus that is signed by the subgrantee and the dismantler.
2. clear digital pictures of before and after the scrapped bus is scrapped, including
    i. odometer
    ii. side profile of the vehicle prior to disabling
    iii. VIN Plate
    iv. engine plate (showing serial number, engine family number, and EMY)
    v. engine block prior to hole
    vi. engine block after hole, with a ruler to show size and a date card
    vii. chassis/frame rails prior to cutting
    viii. chassis/frame rails after cutting
3. any receipt or check received from the dismantle.

C. Special Requirements for Eligibility

1. Successful subgrant recipients will already have or will implement a fleet-wide idle reduction policy. Unnecessary vehicle idling pollutes the air, wastes fuel, and causes excess engine wear. Reducing idling saves money for fleets. Idling should be limited to the engine manufacturer's recommendation (generally no more than five minutes). Subgrant recipients should specify the policy to be implemented including (but not limited to) idling time limits, idling exceptions, expected fuel savings, etc. For subgrant recipients with an idle reduction policy already in place, please thoroughly describe the specifics of the policy in the application or include a copy of the policy. Failure to either have or to instate an idle reduction policy may be cause for disqualification.

2. Subgrant recipients will be required to provide matching funds according to the guideline listed below. Reimbursement amounts:

i. Oklahoma may fund up to 25% of the cost of a new replacement vehicle powered by a 2021 model year or newer engine certified to EPA emission standards. Highway engine emission standards are available here.*(**Application Tip:** Currently, all diesel and gasoline school buses fall in the category for 25% reimbursement.)*
ii. Oklahoma may fund up to 35% of the cost of a new replacement vehicle powered by a 2021 model year or newer engine certified to meet CARB's Optional Low-NOx Standards. For help identifying Low-NOx certified engines see the Low NOx Factsheet. A list of certified vehicles is available here.
iii. Oklahoma may fund up to 45% of the cost of a new 2021 model year or newer zero-emission (all-electric) replacement vehicle. Eligible cost can include the purchase and installation of one charging unit per vehicle, including the unit and charging cable, mount and/or pedestal.

EPA's annual certification data for vehicles, engines, and equipment may be found here.

3. Successful subgrant recipients must use a competitive process for obtaining contracts for products and services and conduct cost and price analyses to the extent required in Title 2 Code of Federal Regulations (C.F.R.) Part 200, as applicable, as well as any regulations covered by state, local, or internal procurement requirements. All contracts and the purchase of equipment must be conducted in a manner providing free and open competition, to the maximum extent practicable. As such, subgrant recipients should refrain from mentioning specific technology producers in their applications unless they are sole source providers. Subgrant recipients are not required to identify contractors or consultants in the application. If subgrant recipients have named a specific contractor or consultant in the application DEQ approves, it does not relieve the subgrant recipient of obligations to comply with competitive procurement requirements, as well as any federal, state, local, or internal procurement laws, regulations, or requirements. Subgrant recipients will describe their competitive bid process in the application. Two quotes are required in the application as either an attachment or described in detail. If the project application requests funding for charging infrastructure and/or charging infrastructure installation of an all-electric vehicle, two itemized quotes must be provided; these itemized quotes must include the cost of the charging infrastructure and/or charging infrastructure installation.

Subgrant recipients have the option to purchase a vehicle as negotiated by OMES Division of Capital Assets Management/Central Purchasing, which can be found on their website. If a subgrant recipient wishes to purchase from the list of state-approved vehicles or equipment, it is not required to engage in the competitive bidding process and the applicant does not need to provide vehicle quotes in the application.

4. Each replacement and/or modified vehicle must operate primarily in the state of Oklahoma for five years following project completion.

5. Subgrant recipients will be required to keep the replacement and/or modified vehicle in good working order for a minimum of five years. The recipient's fleet may be audited by DEQ for a period of up to five years to ensure equipment remains in service for the specified time.

6. Quarterly reporting will be required for one year from the project start date.

7. Upon awarding the grants, the subgrant recipient must enter into an MOA with DEQ committing to the terms of the award. This agreement will establish project timelines, establish the reimbursement process, establish reporting requirements (minimum of quarterly reports), ensure the subgrant recipient will adhere to the competitive bid/procurement process, and other applicable information. Failure to comply with the terms of the award outlined in the MOA may jeopardize subgrant recipient's reimbursement.

8. All subgrant recipients must have registered/renewed with the System for Award Management (SAM) and have a Unique Entity Identification (UEI). A UEI is a 12-character alphanumeric identifier assigned to all entities to do business with the federal government. It can take 7-10 business days to complete the registration process. Registered SAM.gov entities can click here for instructions on how to find their UEI. New entities can get their UEIs at SAM.gov.

9. Outstanding projects or late completion of projects previously awarded under the Oklahoma Clean Diesel Program may affect eligibility for this funding opportunity.

D. Evaluation Criteria

Program eligibility, as indicated in this announcement, must be demonstrated within the application. Additionally, a successful application must meet all of the requirements in items 1-5 below.

1. Applications must support EPA's FY 2022-2026 Strategic Plan, Goal 4: Ensure Clean and Healthy Air for All Communities which states, "All people regardless of race, color, national origin, or income deserve to breathe clean air outdoors and indoors, and it is especially important that the health of vulnerable and sensitive populations, such as children and persons adversely affected by persistent poverty or inequality, be protected." The program will also support Objective 4.1: Improve Air Quality and Reduce Localized Pollution and Health Impacts of the Strategic Plan in which it states, "Reduce air pollution on local, regional, and national scales to achieve healthy air quality for people and the environment."

Specifically, the grant projects funded under this program must reduce local and regional air pollution from diesel fleets. Funded projects must also increase access of clean air for children by providing them with cleaner-burning transportation.

The EPA's FY 2022-2026 EPA Strategic Plan may be found here.

2. During this second round, the first eligible applicants will be awarded as applications are received and reviewed, instead of using ranked scoring.

3. Applications must be complete with sufficient details.

4. Projects must be located within the State of Oklahoma.

5. Applications must describe the applicant's capability to complete the project in a timely manner.

III. AWARD INFORMATION

A. Amount of Funding Available

DEQ has approximately $250,00 under this grant announcement.

B. Funding Type

Funding will be in the form of reimbursement upon receipt of invoice(s) from the subgrant recipient. The subgrant recipient is responsible for expending its own monies first and then is reimbursed for the award amount specified in the signed agreement with DEQ. Subgrant recipients must have a prior executed MOA with DEQ to receive reimbursements.

All subgrant recipients must have registered/renewed with the System for Award Management (SAM) and have a registered UEI.

C. Start Date/Project Duration/Timeline

All projects should be started as soon as possible after the MOA has been executed and subgrantee has received a Notice to Proceed. Vehicles should be replaced and/or equipment should be installed within 120 days of signing the final MOA with DEQ; extensions of this 120-day requirement must be based on a demonstrated need and approved in writing by DEQ. All projects must be completed, and all invoices submitted by May 29, 2027. Vehicles and/or equipment must be maintained for five years. The recipient's fleet may be audited by DEQ for a period of up to five years to ensure equipment remains in service for the specified time. Quarterly reporting will be required for one year from the project start date or until the quarter within which project close-out documentation has been received and approved by DEQ, whichever comes last.

D. Partial Funding

Partial funding may be offered to subgrant recipients as deemed applicable and necessary when making the awards.

IV. PROJECT PERIOD

Upon selection of successful applicants, DEQ will contact selected funding recipients. These recipients will receive an award packet with documents necessary for the project including the Memorandum of Agreement (MOA). The recipient will first need to read, initial, and sign the MOA, which must be returned to DEQ for final execution. Once DEQ finalizes the MOA, the issuing of the Purchase Order "PO" can begin. Once the PO is issued, 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.

All projects should begin as soon as possible after receipt of the Notice to Proceed. Vehicles should be replaced, and all required paperwork submitted by close of business, 4:30 pm CST, May 29, 2027.

Deadline extensions will only be granted based on a demonstrated need and must be approved in writing by DEQ prior to the project deadline. **The granting of deadline extensions is not guaranteed.** If requests are denied and the project deadline is not met, access to award funds may be forfeit. Requests for deadline extension must be submitted to DEQ by close of business, 4:30 pm CST, April 30, 2027.

V. APPLICATION AND SUBMISSION INFORMATION

Applications can be found here in PDF format. Applications must be submit their applications by email to cleandiesel@deq.ok.gov. This is to ensure that the application has a time stamp.

Submitting an application package does not guarantee that funding will be awarded.

The subgrant recipient must have been awarded the funding via an executed MOA with DEQ in order to receive reimbursement. The subgrant recipient is responsible for expending its own monies first and then

is reimbursed for the award amount specified in the signed agreement with DEQ. Without a fully executed MOA in place, a PO, and receipt of a Notice to Proceed, the subgrant recipient assumes all costs for the purchases and installation.

For further questions, please visit the DEQ Clean Diesel webpage, or contact Aaron Kaulfus by email or phone at cleandiesel@deq.ok.gov, (405)702-4100.