



ADVANCED BUS AND CLEAN TRANSPORTATION PROGRAM

APPLICANT GUIDE

Division of Environmental Quality

Office of Air Quality

3/31/2022

I. Program Summary

The Advanced Bus and Clean (ABC) Transportation program is a competitive funding opportunity for Arkansas school districts and transit authorities seeking to replace eligible diesel school and transit buses with all-electric or alternative-fuel buses. The goal of the ABC program is to reduce emissions of nitrogen oxides (NOx) from Arkansas fleets and to encourage the development of alternative fuel infrastructure within the State.

The Arkansas Department of Energy & Environment (E&E) is making available \$7,671,688 towards projects under the ABC program.

The deadline for applications is June 30, 2022. Applicants must submit applications for projects that comply with the content requirements specified in this guidance. After the close of the application period, E&E staff will select projects to fund after consideration of the criteria discussed in Section IV.B.

Projects selected for award under this program will receive reimbursement for eligible project costs upon completion of the project and receipt by E&E of all required documents. A cost-share will be required. E&E retains the right to partially fund projects. E&E will not award funds for project completed prior to signature of a Memorandum of Agreement (MOA) between E&E and the project sponsor.

II. Definitions

All-electric means a vehicle that is exclusively powered by electricity provided by a battery, fuel cell, or the grid.

Alternative-fuel means an engine, 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. For example, Compressed Natural Gas (CNG), Liquid Natural Gas (LNG), Liquid Propane Gas (LPG), or Electric Vehicle (EV).

Alternative-fuel corridor means a route that has alternative refueling sites along a designated route on the National Highway System. A full list of designated routes is listed at https://www.fhwa.dot.gov/environment/alternative_fuel_corridors/all_corridors/.

DC fast charger means a high power (at least 150kW) fast charging method used to resupply an electric vehicle battery using direct current electricity, typically 208/480V 3 phase.

E&E Arkansas Department of Energy and Environment.

Vehicle replacement The replacement of a diesel vehicle with an all-electric or alternative-fuel vehicle.

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

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

Government means 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.

Memorandum of Agreement (MOA) means the formal contract between E&E and the project sponsor that outlines the eligible expenses, allowable reimbursement amounts, reporting requirements, photographic evidence, records retention requirements, and additional documentation required for reimbursement of project costs.

Non-government means any entity that does not fall under the definition of Government as defined above.

Operational means that a vehicle is able to start, move, and has all the necessary parts to be operational.

Public school district means any public school district in the state serving students in a kindergarten through grade twelve (K-12) or a grade one through twelve (1-12) program.

Project sponsor means the organization that proposed a project that is selected by E&E for funding under the ABC program.

Public transportation service means the operation of a vehicle that provides general or special service to the public on a regular and continuing basis consistent with 49 U.S.C. Chapter 53.

Remaining life means the fleet-owner's estimate of the number of years until the vehicle would have been retired from service if the vehicle were not being scrapped as a condition of ABC program funding. The remaining life estimate is the number of years of operation remaining even if the vehicle were to be rebuilt or sold to another fleet. The remaining life estimate depends on the current age and condition of the vehicle at the time of application, as well as things like usage, maintenance, and climate.

School bus means a Class 4 – 8 bus sold or introduced into interstate commerce for purposes that include carrying students to and from school or related events. School buses may be Type A - D with a GVWR greater than 14,001 lbs.

Scrapped means 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 and disabling of the chassis by cutting the vehicle's frame rails completely in half.

State means the State of Arkansas.

Transit authority means a government or a public-benefit corporation created for the purpose of providing public transportation within a specific region.

Transit bus means a Class 4 – 8 bus used for the provision of public transportation service.

III. Eligibility

A. Eligible Applicants

Any government or non-government organization that meets the following criteria is eligible to apply for funding assistance under the ABC Program:

- The applicant is a public school district or transit authority;
- The applicant is based in Arkansas and has been in existence for at least three (3) consecutive years;
- The applicant proposes an eligible project (See “Eligible Buses” and “Eligible Projects” sections); and
- The applicant owns the vehicles involved in the proposed project.

B. Eligible Buses

Buses eligible for replacement under this program include diesel-powered school buses and diesel-powered transit buses that meet the following requirements:

- Each bus to be replaced must be of Gross Vehicle Weight Rating (GVWR) Class 4, 5, 6, 7, or 8;
- The engine model year of each bus to be replaced must be 2009 or older;
- Each bus to be replaced must be operational, registered, and used in Arkansas for the preceding two (2) years;
- Each bus to be replaced must have accumulated at least 7,000 miles per year on average during calendar years 2020 and 2021;
- Each bus to be replaced must have at least three (3) years of remaining life at the time of application.
- The applicant must currently own and operate the buses to be replaced.

C. Eligible Projects

Projects eligible for funding under the ABC program include replacement of at least five eligible buses per applicant with new all-electric or alternative-fuel buses that meet the following requirements:

- The engine model year of each new bus must be the engine model year in which the eligible bus is replaced or one engine model year prior;
- The replacement bus must perform the same function and similar operation as the eligible bus that is being replaced;
- The replacement bus must be of the same gross vehicle weight rating class and horsepower of the bus that is being replaced; and
- For alternative-fuel buses, the replacement bus must be certified by the United States Environmental Protection Agency (EPA). For all-electric buses, the replacement bus does not require EPA certification.

Eligible buses replaced under the ABC program must be scrapped within thirty (30) days of receipt of the replacement buses by cutting a three (3) inch hole in the engine block of each engine and cutting the frame rails of each eligible bus completely in half.

Funding available under the ABC program is based on the organization type and project type with a per bus cap on funding assistance. Projects are subject to a minimum mandatory cost-share by the applicant.

Table 1 Funding Limits and Minimum Mandatory Cost-Share

Organization Type	Replacement Bus Type	Funding Limit		Mandatory Minimum Applicant Cost-Share (% of eligible costs)
		% of eligible costs	Maximum Assistance per Bus (\$)	
Government	Alternative-fuel school bus	Up to 75%	\$98,000	25%
	All-electric school bus	Up to 75%	\$275,000	25%
	Alternative-fuel transit bus	Up to 75%	\$405,000	25%
	All-electric transit bus	Up to 75%	\$716,000	25%
Non-Government	Alternative-fuel school bus	Up to 25%	\$32,500	75%
	All-electric school bus	Up to 60%	\$220,000	40%
	Alternative-fuel transit bus	Up to 25%	\$135,000	75%
	All-electric transit bus	Up to 60%	\$573,000	40%

Table 1 defines the minimum cost-share requirements for ABC projects. Funds from other E&E-administered programs cannot be used to meet applicant cost-share requirements. The applicant may propose to commit to cover a portion of the costs above and beyond the minimum mandatory cost-share requirements.

D. Eligible and Ineligible Costs

Eligible project costs are those directly related to implementation of the project. All eligible costs are subject to mandatory cost-share requirements as defined in Table 1.

1. Eligible project costs include the purchase price of eligible new buses as defined in Section III.B; delivery costs of new buses and charging equipment, if applicable; costs to scrap the buses being replaced, and taxes, if applicable.

2. **All-electric buses:** Eligible costs for all-electric buses can include the purchase and installation of one charging unit per bus, including the unit and charging cable, mount, and pedestal. **Ineligible costs** include power distribution to the pedestal, electric panels and their installation, wiring/conduit and its installation, electricity, operation and maintenance, stationary energy storage systems that power the equipment and their installation, and on-site power generation systems that power the equipment (e.g., solar and wind power generation equipment) and their installation.
3. **Alternative fuel buses:** Consistent with the Environmental Mitigation Trust Agreement for State Beneficiaries, fueling infrastructure for alternative fuel buses is not eligible for reimbursement under the ABC program.
4. Vehicle components that are not part of the engine or chassis may be salvaged from the buses being replaced (i.e., seats, tires, etc.). If scrapped equipment/parts from the replaced buses are to be sold, this income must be reported to E&E and subtracted from the project eligible costs total.
5. The cost of optional components or “add-ons” that significantly increase the cost of the replacement buses may not be eligible for funding.

IV. FUNDING RESTRICTIONS AND OTHER CONDITIONS

- A. **Prohibition on the Use of Funds for Matching:** No funds awarded under the ABC program shall be used to meet matching or cost-share requirements for other E&E-administered grants.
- B. **Prohibition on Use of the Funds for Fleet Expansion:** ABC program funds cannot be used for the purchase of vehicles to expand a fleet.
 - 1) The buses that are being replaced must be scrapped within thirty (30) days of being replaced.
 - 2) Evidence of appropriate disposal of scrapped buses is required for reimbursement of eligible expenses. Participating fleet owners must attest to the appropriate disposal in a signed scrappage statement. The scrappage statement must include:
 - a. Vehicle owner’s name and address;
 - b. Vehicle make, model, vehicle model year, vehicle identification number, odometer reading, engine make, engine model, engine model year, engine horsepower, and engine serial number;
 - c. Name, address, and signature of the dismantler;
 - d. Date engines and vehicles were scrapped;
 - e. Statement attesting to scrappage of the vehicles as defined above;
 - f. Signature of participating fleet owner;
 - g. Digital photos as follows:
 1. Side profile of the vehicle, prior to disabling;
 2. Vehicle identification number tag;

3. Engine label (showing serial number, engine family number, and engine model year);
4. Engine block, prior to drilling the three (3) inch hole;
5. Engine block, after drilling the three (3) inch hole;
6. Cut frame rails of chassis;
7. Others, as needed.

C. Prohibition on the Use of Funds for Required Emission Reductions: No funds awarded under the ABC program shall be used to fund the costs of emission reductions that are mandated under federal law.

D. Operation and Maintenance of Replacement Vehicles: Any replacement vehicles funded under the ABC program must be operated and maintained according to manufacturer's specifications by the applicant organization for at least five (5) years.

IV. PROJECT SELECTION PROCESS

A. Application Submittal

You must submit your application online. The online application form can be found at https://eportal.adeg.state.ar.us/?FormTag=ABC_App.

Applications are due to E&E by 4:30 p.m. CST on June 30, 2022. You must provide all of the required information and documentation specified in the online application form. E&E will not evaluate incomplete applications. E&E may contact you for clarification and supplemental information. Applicants have ten (10) calendar days to respond to any such request.

Please direct all questions regarding the ABC Transportation Program to the following contacts:

- Mikayla Shaddon (mikayla.shaddon@adeq.state.ar.us, 501-682-0808)
- Deiona McKnight (mcknight@adeq.state.ar.us, 501-682-0641)

B. Application Evaluation

At the close of the application deadline, E&E staff will evaluate applications using the criteria described below.

1. Share of Air Pollution Burden

Three metrics govern this criterion:

- Metric 1: Percentage of vehicles subject to the Volkswagen Settlement registered in the county relative to the total number of vehicles subject to the Volkswagen Settlement in Arkansas;
- Metric 2: Percentage of on-road NOx emissions in the County relative to statewide on-road NOx emissions; and
- Metric 3: Areas with historic ozone and fine particulate concentrations near to or exceeding the level of national ambient air quality standards.

2. Project Benefits

Under this criterion, E&E will evaluate the degree to which the application demonstrates a public benefit to the community, which may include:

- Reduction of environmental risks for sensitive populations;
- Reduction of environmental risks for economically disadvantaged populations and other populations with disproportionately high exposure to adverse environmental impacts; and
- Economic benefit to the community.

3. Programmatic Capability

Under this criterion, the applicant's proposed project management plan and how the cumulative experience, knowledge, qualifications, and organizational resources of the applicant will assist in completion of the project will be evaluated.

4. Partnerships

Partnerships between the applicant and other organizations that advance deployment of alternative fuel stations or public charging infrastructure, or that fund additional vehicle replacements beyond those replaced under the ABC program are strongly encouraged. Partnerships that result in additional publically available alternative fueling stations or publically available DC fast chargers within two miles of a designated alternative-fuel corridor or in an underserved area are highly desirable. For the purposes of the ABC program, an underserved area is a location within the State where there are no existing alternative fuel or charging stations to support the replacement vehicles funded under the ABC program within fifty (50) miles of the project.

A full list of designated alternative fuel corridors is listed at https://www.fhwa.dot.gov/environment/alternative_fuel_corridors/all_corridors/.

Existing alternative fueling stations and electric vehicle infrastructure can be identified using the United States Department of Energy's Alternative Fueling Station Locator: <https://afdc.energy.gov/stations/#/find/nearest>.

NOTE: No funding is available under this program for the construction of alternative fuel stations and the ABC program will only fund the applicable percentage of one depot charger per bus for projects that replace eligible diesel buses with all-electric buses.

C. Project Selection

E&E staff will use the criteria described above to select projects for funding. If funds are still available after project selection is complete, E&E may establish a second application acceptance

deadline. E&E intends to select projects from a diverse set of applicants to benefit multiple areas within the State.

D. Notification

E&E staff will notify all applicants by email once applications have been evaluated and projects have been selected for funding. E&E will send the notification to the project manager specified in the application. **This initial notification, which advises that the applicant's application has been recommended for award, is not an authorization to begin the project.**

The formal notification of award, which will be a MOA, is the only document that authorizes commencement of the project. The MOA will be delivered by the U.S. Postal Service and will require a signature from both the recipient and an E&E official.

IV. REPORTING REQUIREMENTS

E&E requires the project manager for the selected projects to submit quarterly progress reports to E&E between the time of the MOA signature and completion of the project and to submit a detailed final report upon completion of the project. Report requirements will be specified in the MOA.