



**Diesel Emissions Reduction Grant (DERG) Program  
for Replacement of Diesel-Powered Public Transit Buses by  
Public Transit Agencies in Ohio**

**Request for Proposals  
September 15, 2021**

The State of Ohio Environmental Protection Agency (Ohio EPA) and Ohio Department of Transportation (ODOT) are soliciting proposals from public transit agencies for the replacement of diesel-powered transit buses in ways that will significantly reduce diesel emissions in eligible Ohio counties

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Diesel Emissions Reduction Grant Program  
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Website: <http://epa.ohio.gov/oeef/derg.aspx>  
Submit applications to [https://odot.formstack.com/forms/2021\\_derq](https://odot.formstack.com/forms/2021_derq)

**Ohio Diesel Emissions Reduction Grant (DERG) Program  
For Replacement of Public Transit Buses**

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## SECTION 1: REQUEST FOR PROPOSALS (RFP) OVERVIEW

### 1.1 RFP Time Table

Release of RFP: Wednesday, September 15, 2021

Applicant Conference Call: Monday, September 27, 2021 11:00-12:00

[Click here to join the Microsoft TEAMS meeting](#)

Deadline to Submit Proposals: **Friday, November 5, 2021, 5:00 p.m. Submit Proposals online to [https://odot.formstack.com/forms/2021\\_derq](https://odot.formstack.com/forms/2021_derq)**

Announcement of Awards: December 17, 2021

The Ohio Environmental Protection Agency (Ohio EPA) and the Ohio Department of Transportation (ODOT), announce the tenth round of the Diesel Emissions Reduction Grant (DERG) Program. Invited to apply are all Ohio Public Transit System diesel powered fleet owners that are eligible to receive Federal Transit Administration (FTA) grants, for the purpose of emissions reductions in Congestion Mitigation and Air Quality (CMAQ) Improvement Program eligible areas of Ohio. A map of eligible Ohio counties and townships is provided in Appendix C of this document.

DERG Program funding is made available through the Ohio Department of Transportation's Federal Highway Administration (FHWA) CMAQ Program federal appropriation fund. Ohio EPA and ODOT reserve the right to rescind or revise this RFP depending upon the availability of federal funds. Projects selected for award through this tenth round of the DERG Program will be financed via FTA transfers. Awarded projects cannot commence until all FTA Grant Management requirements have been met, which can take several months.

DERG funds may not be used to reimburse grant recipients for any grant expenses, including vehicle purchases, prior to the FTA transfer being completed and the project being included in an eligible FTA grant.

The Ohio EPA – ODOT DERG Committee (“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; to reject any and all applications and to make no awards under this program or make fewer and/or smaller awards than anticipated; or to partially fund projects.

The total funding available for this competitive funding cycle is **\$10,000,000**, to be allocated to public transit vehicle replacement projects. **DERG applications will be considered for projects requesting at least fifty thousand dollars (\$50,000)**

and not more than two million dollars (\$2,000,000). Applications requesting more than the \$2 million cap will not 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 then be reimbursed *up to the amount authorized for that project* upon proper documentation that eligible expenses have already been paid by the awardee.

### **2.2 Twenty Percent Match Requirement**

For projects that are selected, up to eighty percent (80%) of allowable project costs may be eligible for reimbursement from CMAQ funds, and only for allowable equipment purchases **after** the project receives full FTA grant approval. Applicants are required to provide a minimum twenty percent (20%) in matching funds. Matching funds cannot be sourced from other federal funds or from in-kind services. Applications must include in the project scope description an indication of the funding source that will be used to meet the match requirement. Applicants are encouraged to provide more than the minimum 20% match required, in order to score better in terms of cost effectiveness, as explained in Section 6 of this RFP.

### **2.3 Buy America**

All DERG grant awardees must meet all applicable FTA Buy America regulations regarding steel and iron products and components.

### **2.4 Record Maintenance**

DERG awardees will be required to maintain all financial and other project related documentation consistent with FTA grant reporting requirements. Additionally, upon ODOT or Ohio EPA request records must be made available regarding vehicle utilization and maintenance for the useful life of the vehicle.

### **2.5 Non-Performance**

Applicants should not apply for a DERG grant until they have a firm project scope, schedule and fiscal commitments. They should also have dedicated staff, including a Person in Responsible Charge of the project, to ensure compliance with the requirements of the guidance, delivery, and maintenance of the project. This person will also serve as the primary contact for ODOT and/or Ohio EPA to coordinate project milestones and accomplishments. ODOT and Ohio EPA will not consider or approve more than one scope change from what was included in the submitted DERG application.

If Ohio EPA determines that an awardee is not making satisfactory progress implementing the project, Ohio EPA may, in consultation with the Ohio Department of Transportation and the US Department of Transportation, revoke the grant and reallocate the funds to another eligible project applicant.

## **SECTION 3: APPLICATIONS**

### **3.1 Project Application**

**Applications must be submitted electronically to the Ohio Department of Transportation no later than 5:00 p.m. on November 5, 2021.** Proposals must be submitted electronically to [https://odot.formstack.com/forms/2021\\_derq](https://odot.formstack.com/forms/2021_derq). No faxed, e-mailed or hand-delivered submittals will be accepted. Late submittals will not be considered. Applicants who do not receive email confirmation of receipt of their application within one business day should call 614-644-2873 or email [derg@epa.ohio.gov](mailto:derg@epa.ohio.gov).

### **3.2 Communication and Inquiries**

Prior to the deadline for submission, a conference has been scheduled for questions from prospective applicants, on September 27, as indicated in section 1.1 of this RFP. Answers to frequently asked questions from prospective applicants and questions discussed on the call will be posted on Ohio EPA's DERG Website at: <https://epa.ohio.gov/oe/#131364252-diesel-emission-reduction-grants>. Prospective applicants are also encouraged to contact program staff members [Alan.Harness@epa.ohio.gov](mailto:Alan.Harness@epa.ohio.gov) at (614) 644-4838 with technology questions, or [Carolyn.Watkins@epa.ohio.gov](mailto:Carolyn.Watkins@epa.ohio.gov) at (614) 644-3768 with financial questions.

## **SECTION 4: ELIGIBILITY**

### **4.1 Project Type**

Projects eligible for funding under this DERG application cycle include the replacement of diesel-powered transit buses operated by public transit diesel fleet owners eligible to receive grants from the Federal Transit Administration (FTA) in CMAQ eligible Ohio counties. Projects funded under this program must affect surface transportation system travel consistent with the FHWA's [CMAQ Interim Program Guidance under MAP-21 issued November 12, 2013](#). Projects must result in reductions of oxides of nitrogen (NO<sub>x</sub>) and/or fine particulate matter (PM<sub>2.5</sub>) emissions from pollutant sources

**Replacement vehicles must meet FTA Altoona testing and certification standards.**

#### **4.2 Eligible Areas**

**Vehicles must be operated in CMAQ-eligible areas of Ohio for at least sixty-five percent (65%) of the time.** Grant *applicants* should show in the project narrative that the vehicles proposed for replacement have been registered (if applicable) and operating within Ohio for the most recent year. Written records must be maintained with the owner/operator of the approved project for a minimum 5 years.

A map of CMAQ-eligible Ohio counties and townships is included in Appendix C of this RFP.

<b>Ohio CMAQ-eligible counties:</b> A project must be located in at least one of these counties in order to be considered for CMAQ funding			
Allen	Delaware	Lawrence	Portage
Ashtabula	Fairfield	Licking	Scioto
Belmont	Franklin	Lorain	Stark
Butler	Geauga	Lucas	Summit
Clark	Greene	Madison	Trumbull
Clermont	Hamilton	Mahoning	Warren
Clinton	Jefferson	Medina	Washington
Columbiana	Knox	Miami	Wood
Cuyahoga	Lake	Montgomery	

#### **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 the FTA transfer is complete and the project has been included in an eligible FTA grant
- 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: REPLACEMENT VEHICLE PROJECTS

Type	Description	Limitations	Maximum Funding
Vehicle Replacement	Replacing old vehicles with new vehicles, including replacing with alternative fuel vehicles as identified in section 301 of the 1992 Energy Policy Act	New vehicles must meet newer emission standards than old vehicles or equipment. Verification that old vehicles have been decommissioned and not returned to service	80% of total project cost, subject to provisions of CMAQ and this RFP; less core or scrap value and less other governmental financial purchase contributions

### 5.1 Vehicle Replacement

Vehicle replacement involves permanently removing an old vehicle from service, and replacing it with a new vehicle, including alternative fuel vehicles as identified in section 301 of the 1992 Energy Policy Act.

In order to be eligible for funding for vehicle replacement, the grant applicant must verify that the vehicle to be replaced meets the Federal Transit Administration (FTA) replacement guidelines. [FTA Circular 5010.1E](#) Chapter IV contains a replacement schedule based on the type of vehicle, the age of the vehicle, and the mileage (Page IV-25):

#### a) Buses:

1. *Large, heavy-duty transit buses including over-the-road buses (approximately 35' – 40' or larger including articulated buses): At least 12 years of service or an accumulation of at least 500,000 miles.*
2. *Small size, heavy-duty transit buses: At least 10 years or an accumulation of at least 350,000 miles.*
3. *Medium-size, medium-duty transit buses: At least seven years or an accumulation of at least 200,000 miles.*
4. *Medium-size, light-duty transit buses: At least five years or an accumulation of at least 150,000 miles.*

Transit buses must operate at least 65% of the time in Ohio CMAQ-eligible counties.

Grant agreements for replacement vehicles will include a provision that the old vehicle be decommissioned and not returned to service. The grant awardee will be

required to provide documentation verifying that the old vehicle has not been returned to service. Grant awardees shall complete the “DERG Original Equipment Certificate of Destruction” form posted on the DERG program Website, <https://epa.ohio.gov/oee/#131364252-diesel-emission-reduction-grants>. Ohio EPA may consider requests for waivers from this vehicle decommission requirement for appropriate purposes, such as the donation of the replaced vehicle to a diesel engine maintenance education program at an Ohio career technical center. Waiver requests must demonstrate that the proposed DERG project will not result in a net increase of emissions in Ohio or surrounding airsheds. Ohio EPA will not grant blanket waivers to send replaced vehicles to other states or countries.

Eligible expenses for reimbursement for vehicle replacements under this program include:

- The invoice cost of a replacement vehicle (subject to FHWA/FTA 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.

Under the DERG program, grant recipients for replacement vehicles will be reimbursed up to 80% of the total project cost (subject to CMAQ restrictions) and the DERG RFP, less the core value or scrap value and other governmental financial purchase contributions. FTA will make the final determination of what the allowable federal share of each project will be.

### **What should be included in the project scope description when applying for replacement vehicles?**

Vehicle replacements are designed to obtain emission reductions by removing high-emitting vehicles from service, and replacing them with newer, cleaner vehicles. For replacement vehicle projects, the project scope narrative section of the DERG application should discuss the following specific points:

- Describe the size, location, and how the project is consistent with FHWA CMAQ eligibility guidance.
- Describe the vehicle to be replaced and how, when, and where it is used. Include engine data and VIN numbers for all to-be-replaced vehicles in the fleet data spreadsheet in Appendix B.
- Describe the vehicle to be acquired and how, when, and where it will be used.
- Document that the vehicle being replaced meets FTA’s vehicle replacement schedule criteria.
- Explain in detail how the applicant will demonstrate that the project meets the percent (%) and duration (years) of vehicle operation in Ohio CMAQ-eligible counties.

- Explain how the applicant will ensure that the original vehicle is decommissioned and not returned to service.
- If a commitment is being made by the applicant to use biodiesel or other alternative fuels in the diesel engine fleets, document the percent of usage.
- Describe the applicable emission standard or tier level for the old and new engines, using the **certificates of conformity** issued from US EPA to the engine manufacturer. The certificate of conformity lists the engine family name and the engine model year. The EPA engine family name is displayed on the emission control information label on the engine. By checking the engine family names and engine model year emission standards, one can confirm the applicable emission standard or tier level.
- Provide sufficient engine and fleet data as inputs for the Diesel Emission Quantifier Tool for Ohio EPA to be able to generate mobile source emission reductions estimated to result from project implementation.
- Ohio EPA will show the complete costs, emission reduction (both PM<sub>2.5</sub> and NO<sub>x</sub>), and estimated **cost-effectiveness (\$/ton of both PM<sub>2.5</sub> and NO<sub>x</sub> removed)**, and all detailed calculations for the application.

### **What kind of recordkeeping will be required for replacement vehicle projects?**

Grant recipients for vehicle replacement projects funded under the DERG program will be expected to keep on file the following kinds of documentation, and to produce this documentation upon request:

- Approved Fleet Data Reporting Spreadsheet for the old diesel vehicles and fleet data for the new vehicles.
- Document fleet turn-over practices through historic records. Document age of vehicles to be replaced.
- Invoices of all completed work. Invoices for replacement vehicles should include the vehicle components and specific engine configuration installed, including the model year or tier level, and a list of all parts, including engine exhaust controls.
- Copies of EPA certificates of conformity for existing and new engine configurations.
- Evidence that the old vehicle was permanently decommissioned and not returned to service. Documentation should include the engine serial number, vehicle identification number and photos illustrating how the engine and chassis were disabled. Ohio EPA representatives may request to observe the destruction process to ensure that it is properly documented. If returned to the engine manufacturer, obtain a letter documenting that the engine is remanufactured to a more stringent EPA standard.

- Documentation of any program income earned, including the sale of original vehicle or equipment parts and record of program income generated by sale thereof.

## SECTION 6: PROJECT SELECTION CRITERIA

**Due to the competitiveness of the program, not all eligible projects will be approved for funding.**

DERG program project applications will be evaluated consistent with the FHWA CMAQ guidance eligibility criteria and ranked consistent with the scoring parameters below. Project selection for the DERG Program will be accomplished by a committee comprised of staff from Ohio EPA and ODOT, with final project selections approved by the Ohio EPA Director. Decisions of the Director are final. Selected projects must also receive an eligibility determination from the Federal Transit Administration.

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

(a) Projected emission reductions of particulate matter (PM<sub>2.5</sub>) and oxides of nitrogen (NO<sub>x</sub>), reported in tons per year.

(b) Cost effectiveness of the emission reductions: The federal share (grant award amount) of the total project cost will be divided by the estimated total annual emission reduction of PM<sub>2.5</sub> and NO<sub>x</sub> (as determined by the DEQ analysis or manual emission reduction calculations using US EPA approved emission factors) to determine the cost effectiveness of the project, in dollars per ton of reduced emissions.

$$\text{DERG Cost-Effectiveness} = \frac{\text{Federal Share of Project Cost}}{\text{Sum Total of NO}_x \text{ \& PM}_{2.5} \text{ Emission Reductions}}$$

Ohio EPA will perform the above calculations and, if deemed acceptable, will apply the most appropriate emission factors to all comparable projects under consideration for funding in the same grant cycle in order to make funding recommendations.

Applicants are encouraged to provide a local match of greater than the minimum requirement of 20%, which will result in the project receiving a higher cost effectiveness score.

Secondary criteria considered by Ohio EPA and ODOT in making grant awards will include promoting project and fleet diversity, and geographic funding diversity. The committee may also consider an applicant's past performance on DERG or DERA-funded projects, and the amount of DERG funding an applicant

has already received. Proposals from previous DERG recipients who did not make satisfactory progress implementing their projects, as defined in Section 2.5 of this RFP, will not receive consideration. Proposals from applicants who have already received three DERG grants may receive lower priority consideration for funding.

## **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 RFP will not be returned to the applicant. Information on the price paid for vehicles or equipment purchased to be reimbursed with public funds from the DERG program is not eligible for trade secret protection.

## **SECTION 8: APPENDICES**

The appendices that follow include supplemental information and forms that must be uploaded as attachments to the online DERG 2021 Application Form, at [https://odot.formstack.com/forms/2021\\_derq](https://odot.formstack.com/forms/2021_derq)