

NOTICE OF AVAILABILITY OF VW ENVIRONMENTAL MITIGATION TRUST FUNDS FOR ARIZONA'S LOWER-EMISSION SCHOOL BUS PROGRAM

State Goal of Reducing NOx Emissions

The State of Arizona is strongly encouraging public school systems to scrap and replace old and high pollutant emitting school buses with modern, cleaner diesel or alt-fuel varieties. To help support school systems with this endeavor, Governor Ducey has authorized the utilization of funding allocated from the Volkswagen Diesel Emissions Environmental Mitigation Trust (VW Trust) to fund the Lower-Emission School Bus Program.

The objectives of this program are to:

1. Focus on funding projects that replace older diesel-fueled vehicles and engines.
2. Focus on vehicles, engines, and equipment operating or located in or near areas that bear a disproportionate share of the air pollution burden (priority areas), such as schools and environmental justice areas.
3. Prioritize projects located in or near areas that are in nonattainment of National Ambient Air Quality Standards (NAAQS) for ozone, particulate matter (PM), or nitrogen dioxide (NO₂).
4. Focus on projects located in areas with high population density and high traffic density. In Arizona, areas of high population density are often the areas with the poorest air quality.

Availability of Funds

The amount available is \$20,000,000 and up to \$37,000,000, contingent upon availability of Funds.

Eligibility Requirements

Funding will be allocated to public school systems (both school districts and charter schools) that meet the following eligibility requirements:

1. At least 60% of students were eligible for free or reduced price lunch during the 2017/2018 school year.
2. Diesel school buses proposed for replacement must be owned by the school system, at least 15 years old, and have over 100,000 miles.

School systems meeting all eligibility requirements will initially receive an allocation for at least one replacement bus. After which, the remaining funds will be distributed across the eligible districts in efforts to attain up to 10% bus fleet replacement for the participating districts.

Under the requirements of the VW Trust, a "school bus" is defined as a Class 4-8 bus sold or introduced into interstate commerce for purposes that include carrying students to and from school or related events. May be Type A-D.

Eligible Costs

Individual school systems that meet the eligibility criteria may be allocated up to \$110,000 towards the replacement of an existing diesel bus with a new lower-emissions diesel bus or up to \$135,000 towards the replacement of an existing diesel bus with a new alt-fuel bus.

Any revenues derived from the scrap value of the existing bus that are identified during the procurement process shall be reinvested in the purchase price of the new bus (if applicable) or reinvested in transportation-related projects.

NOTE: There is no guarantee of funding and these allocation levels are subject to change at the discretion of the Office of Grants and Federal Resources (GFR).

Application Requirements

Applications will be submitted through the eCivis software solution and administered and evaluated by the Arizona Department of Administration, Office of Grants and Federal Resources.

The application must include the following elements:

1. Project Summary (Scope of Work):
 - a. Details on procurement process and timeline
 - b. Proposed supplier/vendor (if known).
 - c. Listing of existing buses to be scrapped and replaced. This listing should include the same data elements contained in the Arizona Department of Education Vehicle Inventory Report (SAIS Tran03-1).
 - d. Replacement bus information, including if replacing with diesel or alt-fuel.
 - e. Outline of the school system's strategy for scrapping and disposing of the replaced vehicle.
 - f. Any additional information the school system feels is pertinent to their proposal.

Note: The VW Trust defines "scrapped" as rendered 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.

2. Project Timeline - Provide a detailed procurement timeline, including when reimbursement/funding will be needed and if the transaction will occur during state fiscal year 2019 (7/1/18 - 6/30/19) and/or state fiscal year 2020 (7/1/19 - 6/30/20).

3. Sustainability Plan - Include an overview of your bus fleet strategy and anticipated life cycle of the new bus(es) to be acquired.
4. Program Specific Criteria #1 - Upload necessary documentation to validate that your school system met the 60% free or reduced price lunch criteria for the 2017/2018 school year.

Note: If a charter system operates more than one school, the free and reduced price lunch percentage shall be calculated using an average of the free and reduced lunch percentages at all of the schools in the system.

5. Program Specific Criteria #2 - Upload a copy of your school system's most recent bus inventory report highlighting the buses that meet the eligibility requirements for replacement. The Inventory Report must include enough information to determine the number of buses that would be equal to 10% of the school system's total bus fleet.

Note: For school systems that have not historically completed an inventory report, a template will be released with the application.

6. Budget - The equipment request section of the application should include the total amount of funding being requested. Please include the total amount of the procurement, including any local funds and any revenue that is derived from the scrap value of the existing bus. If scrap revenue is not included in the new bus procurement, please include a statement about the disposition of these funds.

Application Period

The application period extends from Monday, August 13, 2018 at 8:00am through Friday, September 28, 2018 at 5:00pm through the eCivis software solution. Applications will be evaluated during the month of October 2018. Final awards will be announced beginning November 1, 2018. If there are remaining funds after the initial award period, additional applications periods may be held.

Technical Assistance

Information and training opportunities on the eCivis software solution will be sent with the application notice on August 13, 2018.

Evaluation Process

All proposals will be reviewed by GFR staff for eligibility, accuracy and completeness. Any omissions will be resolved with the applicant prior to the awarding of funds. Subject matter experts from the Arizona Department of Public Safety, the Arizona Department of Environmental Quality, the Arizona School Facilities Board, and the Governor's Office of Strategic Planning and Budget will be engaged if the content of the proposal warrants their involvement. These

reviewers will analyze each proposal to ensure that they align with the purposes outlined in this program announcement.

Template Funding Agreement

A funding agreement between the school system and the State of Arizona is required to receive funds from the VW Trust. The funding agreement template is attached to this notice and will also be available through the eCivis solution.