Minnesota Diesel Replacement Program Volkswagen NOx Mitigation Settlement

Phase 1 Diesel On-Road Truck and Transit Bus Replacement Grant

Request for Proposals (RFP)
FY 2019

The Request for Proposals (RFP) assists applicants in applying for and managing state grants. This document describes the Diesel On-Road Truck and Transit Bus Replacement Grant, including information on who may apply for funding, the funding priorities for this grant round, match requirements, activities eligible for funding, and other information that will help applicants plan their project and submit a competitive application.

Applications are due no later than 4:30 p.m. Central Time via e-mail, on July 9, 2019.

The applicant should check the MPCA VW webpage for the most recent updates on this competitive grant, including questions and answers, FAQs, and addendums.

1. Overview.............................................................................................................................................................2
2. Funding...............................................................................................................................................................2
3. Eligible and ineligible projects............................................................................................................................2
4. Eligible and ineligible applicants/ grant contractor applicant............................................................................3
5. Eligible and ineligible costs.................................................................................................................................4
6. Application questions and answers....................................................................................................................4
7. Application submission instructions...................................................................................................................5
8. Application review process..................................................................................................................................5
9. Grantee responsibilities......................................................................................................................................6

Exhibit 1: Application evaluation score sheet ............................................................................................................9

The Grant application form, sample grant agreement, and Affidavit of Non-collusion can all be found at: Diesel On-road truck and transit bus replacement grant.
1. Overview

The Minnesota Pollution Control Agency (MPCA) seeks diesel on-road truck and transit bus owners from private, public, and nonprofit sectors to apply to this competitive grant opportunity to partially fund diesel on-road truck and transit bus replacements for organizations/diesel vehicle owners based in the state of Minnesota. The grant reduces diesel emissions from older diesel engines to improve air quality and public health by removing older diesel trucks and transit buses and replacing them with new, less-polluting trucks and transit buses. Projects funded will: 1) reduce diesel emissions in Minnesota; 2) fund a variety of on-road truck and transit bus replacement grant projects from around the state; and 3) fund a mixture of clean diesel technologies.

2. Funding

The MPCA anticipates awarding approximately $3,701,250 for diesel on-road truck and transit bus replacement grants. Grants under this RFP are funded by the Volkswagen Mitigation Trust Agreement for clean diesel activities in the state of Minnesota. The grants are administered under Minn. Stat. §116.03, subd.2.

Awarded diesel on-road vehicle replacement projects may be reimbursed with grant awards up to 25% of vehicle replacement cost or $40,000 per vehicle, whichever is less, including infrastructure for electric vehicle charging only.

The funding is divided into two categories based on the location of vehicle operation. Proposed vehicle projects will be evaluated and awarded within their respective location category:

- 40% of the funds are dedicated to replacing vehicles that operate in Greater Minnesota
- 60% of the funds are dedicated to replacing vehicles that operate in the Twin Cities 7-County Metropolitan Area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties).

If the amount listed for either category is not fully awarded, remaining funds will be awarded in the other category.

Reimbursement

Grant funding for eligible costs will be reimbursed upon completion of the approved project with approved paid-in-full invoices. Project completion includes disabling of the old vehicle and engine. Photographs of the disabled engine and chassis and VIN number will be required prior to disbursements of any funds under this contract.

All grant projects must be completed within two years of the start date of the grant agreement.

Note: See “Engine Disabling” in Section 10 Grantee Responsibilities – for more details.

3. Eligible and ineligible projects

Eligible projects

Eligible vehicles include licensed on-road local delivery trucks (includes dump trucks, refuse trucks, cement trucks and drayage (yard) trucks) and transit buses.

On-road trucks and transit buses eligible for Replacement Grants must:

- Be diesel-powered, engine model year 1992-2009
- Be class 4-8, (GVWR 14,001 lbs. or greater)
- Be fully operational and licensed for street or highway use in Minnesota
- Currently operate more than 75% of its annual miles in Minnesota
- Not be scheduled for replacement for at least three years
- In the last 12 months, use a minimum of 2,000 gallons of diesel in Minnesota
Eligible replacement trucks and transit bus requirements:

- Vehicles must be replaced with new 2019 or newer vehicle models that is all electric, or EPA-certified diesel, or alternative fuel (electric-hybrid, propane, or compressed natural gas (CNG)).
- All replacement vehicles purchased must be EPA-certified configurations and used in a similar application as the vehicle it is replacing.
- Electric vehicle (EV) charging infrastructure can be included as part of an all-electric truck or transit bus replacement grant, and that cost will be included in evaluations.

Vehicles ineligible for grant replacement projects

- Vehicle that operate less than 75% in Minnesota
- Long-haul trucks /trucks with a sleeper cab
- School buses
- Airport ground support equipment
- Off-road /Non-road equipment
- Gasoline powered vehicles
- Mandated changes: Vehicle replacements that are mandated under federal law
- Normal attrition: Vehicle that would have been replaced through normal attrition/fleet turnover within three years of the project start date
- Fleet expansion: Purchase of vehicles to expand a fleet. (A similar vehicle must be taken out of service and disabled for each vehicle added.)
- Infrastructure for fuels other than electricity

4. Eligible and ineligible applicants/ grant contractor applicant

Eligible applicants

For-profit, nonprofit, and public entities, including state, local, and Tribal governments that own or lease 1992 through 2009 engine model year diesel on-road trucks and transit buses licensed in Minnesota are eligible applicants. Applicants must be based in Minnesota or have a branch office in Minnesota.

While multi-organizational collaboration is allowed, no single entity may be a part of multiple applications. Only one organization may apply as a grant contractor on behalf of others.

To qualify as a grant contractor:

- All replacement projects must be on the same application (one application per contractor)
- Grant contractor must represent at least three different organizations
- Grant contractor is responsible for all contract oversight responsibilities as stated in grant agreement

Eligible grant contractors may request up to 10% of the grant amount for administrative costs above the overall truck and transit bus replacement project amount requested. This amount will be included in the total cost to calculate cost effectiveness score. The grant contractor administrative costs will be calculated based on award amount.

Ineligible applicants

- Entities or individuals that are currently suspended or debarred by the State of Minnesota and/or the federal government are ineligible applicants.
- The MPCA may also deem an applicant ineligible because of, but not limited to: enforcement issues (including vehicle tampering or air permit violations), labor standards, tax status, or other such issues.
- MPCA employees.
5. Eligible and ineligible costs

Eligible costs

- Costs for the purchase of new class 4-8 diesel on-road trucks or transit buses powered by a 2019 model year or newer all-electric, or certified diesel, natural gas, propane, or electric-hybrid
- Costs for electric vehicle charging infrastructure needed to charge an EV purchased with this grant
- Grant contractor cost if applicable
- Sales and federal excise tax on eligible equipment

Ineligible costs

Ineligible costs include costs that are not directly related to the project. In addition, the following costs, even if they are directly related to the project, are ineligible.

- Administrative costs over 10% (grant contractors only)
- Costs for fueling infrastructure for any fuel type that isn’t electric
- Any expenses incurred before the grant agreement is fully executed including applicant’s expense for preparing the eligibility and cost applications
- Engine replacements
- Any expenses incurred during workplan application and final workplan development
- Costs incurred from equipment disabling
- Bad debts, late payment fees, finance charges or contingency funds, interest, and investment management fees
- Attorney fees
- Engineering/consultant fees
- Administrative expenses not directly related to or necessary to complete the work
- Lobbying, lobbyists, and political contributions
- Mark-up on purchases and/or subcontracts.
- Taxes (except as noted above as eligible)
- Activities addressing permit fees
- Activities addressing enforcement actions that involve a financial penalty
- Memberships (including subscriptions and dues)
- Food (other than staff per diem)
- Alcoholic refreshments
- Entertainment, gifts, prizes and decorations
- Merit awards and bonuses
- Donations and fundraising
- Computer(s), tablets, and software, unless unique to the project and specifically approved by the MPCA as a direct expense
- Purchase or rental of mobile communication devices such as cell phones, unless unique to the project and specifically approved by the MPCA as a direct expense

6. Application questions and answers

We are obligated to be transparent in all aspects of our grant work. To meet our obligation, all questions must be submitted in the same manner, and answers are only provided via the MPCA VW website. It is the applicant’s responsibility to check the MPCA VW website for the most recent updates on a competitive grant, including questions and answers and addendums.
Applicants who have any questions regarding this RFP must email questions to grants.pca@state.mn.us, subject line: “On-Road Grant 2019”, no later than 3:00 p.m. Central Time on July 2, 2019. Answers to questions will be posted frequently at Diesel On-road truck and transit bus replacement grant.

MPCA personnel not listed are not authorized to discuss this RFP with applicants outside of the question and answer forum. Contact regarding this RFP with any MPCA personnel may result in disqualification.

7. Application submission instructions

Applications must be received electronically by the MPCA no later than 4:30 p.m. Central Time on July 9, 2019. The email properties header will reflect the date and time submissions are received. Application submissions received after the deadline will not be considered eligible.

Applicants should submit the following in order for the application to be considered complete:

- Application form
- Affidavit on non-collusion
- Fleet information sheet
- Fleet permission form – if vehicle is leased
- One written bid

Points will be awarded if a written idle reduction policy is submitted.

If multiple projects are requested, all projects must be included in one application using the application form provided. If needed, additional Fleet Information Sheets can be included with one application.

Email applications and required forms to grants.pca@state.mn.us with the subject line: “On-Road Grant 2019”. The MPCA is not responsible for any errors or delays caused by technology-related issues, even if they are caused by the MPCA.

Applications submitted via any other method, including but not limited to fax, mail, and in-person deliveries, will not be accepted.

8. Application review process

Applications received by the grant deadline will be reviewed by a team of MPCA staff and community-based grant reviewers, using a two-stage process. Late applications will not be considered for review.

Stage 1: Eligibility review

The MPCA will determine if eligibility requirements are met. Any application found to be ineligible will be eliminated from further evaluation. Minimum requirements:

- Applicant is eligible
- Application received on time
- Project is eligible

Stage 2: Application scoring

Only applications meeting the eligibility criteria under stage 1 will be considered for scoring in stage 2. Reviewers will evaluate applications using the weighted criteria listed in Appendix 1.

No activity or comments from applicants regarding this RFP shall be discussed with any of the reviewers during the evaluation of the applications. However, the MPCA may request clarification of submitted information from one or more applicants. The clarifications must be made in writing. The MPCA will only accept written responses for evaluation purposes. The response to the request for clarification may be considered along with the original application for application scoring.

In addition to its authority to offer reduced awards, the MPCA reserves the right to withdraw the award or to refrain from awarding any grants. At its discretion, the MPCA may perform an appropriate cost and pricing check.
of an application. The applicant’s past performance, as a grantee of that state agency will be considered when evaluating a grant application.

Priorities
It is the policy of the State of Minnesota to ensure fairness, precision, equity and consistency in competitive grant awards. This includes implementing diversity and inclusion in grant making. The Policy on Rating Criteria for Competitive Grant Review establishes the expectation that grant programs intentionally identify how the grant serves diverse populations, especially populations experiencing inequities and/or disparities. This grant prioritizes communities with higher concentrations of low-income residents and people of color, including tribal communities, by awarding points for vehicle replacements in areas of concern for environmental justice.

Points will also be awarded to areas of health concerns and small businesses that are certified as veteran-owned, economically disadvantaged, or targeted group businesses in Minnesota based on the business's ownership by a woman, a minority, a person with a substantial physical disability, or by its location in an economically disadvantaged area. Please reference additional information here: https://mn.gov/admin/business/vendor-info/oep/sbcp/.

Notification
All applicants will be notified by MPCA staff approximately 45 days after application due date. Applicants selected for funding will be contacted concerning the next steps in the award process, including execution of the appropriate agreements and workplan submissions.

9. Grantee responsibilities
Awardees are required to be a registered vendor in SWIFT and will sign the grant agreement using SWIFT. To register, go to the Supplier Portal webpage SWIFT and click on the Vendor Registration Link

Grant Agreement
Each awardee must formally enter into a grant agreement. The agreement will address the conditions of the award, including implementation of the project. Once the agreement is signed, the recipient is expected to read and comply with all conditions of the agreement.

A sample State of Minnesota Grant Agreement can be found at Diesel On-road truck and transit bus replacement grant for your reference. Much of the language reflected in the agreement is required by statute.

Survey
To help report project effectiveness and design future RFPs the MPCA may survey grantees at 6 and 12 months following the award. Information requested may include, but is not limited to:

- Miles driven or hours of use
- Miles per gallon average or gallons per hour
- General operational performance/reliability
- Insights on RFP application and marketing process

Equipment disabling
The replaced on-road truck or transit bus engine must be permanently disabled. Its chassis must also be cut or rendered permanently disabled prior to any funds distributed under this grant agreement. Owners may maintain possession of the disabled vehicle chassis and engine for parts if desired. Disabling the chassis may be completed by cutting through the frame rails on each side at a point located between the front and rear axles. Disabling the engine must be completed by cutting a three-inch diameter hole in the engine block to permanently disable the engine. Photographs of the disabled chassis and engine will be required prior to disbursements of any funds under this grant contract.
Note: Other acceptable scrappage methods may be considered, but require prior written approval from the MPCA. Vehicle/equipment components that are not part of the engine or chassis may be salvaged from the unit being replaced (e.g. lights, signs, blade, seats, etc). If vehicle is taken to a salvage yard prior to destruction, photos of disabled engine and chassis and VIN number are still required. Name and address of salvage yard must be included in the reimbursement request.

Public data
Applications are private or nonpublic until opened. Once opened, the name and address of the applicant and the amount requested is public. All other data in an application is private or nonpublic data until all grant agreements are fully executed. After MPCA has executed all agreements, all remaining data in the applications is public with the exception of trade secret data as defined and classified in Minn. Stat. §13.37. A statement by a grantee that the application is copyrighted or otherwise protected does not prevent public access to the application (Minn. Stat. §13.599, subd. 3).

Conflict of interest
Minnesota state agencies must work to deliberately avoid actual, potential and perceived conflicts of interest at the individual and organizational levels. Please refer to the State of Minnesota, Office of Grants Management for information on any potential, actual, or perceived conflicts of interest: http://www.mn.gov/admin/images/grants_policy_08-01.pdf.

Grant monitoring
Minn. Stat. §16B.97 and Policy on Grant Monitoring require the following:

- One monitoring visit during the grant period on all state grants of $50,000 and higher
- Annual monitoring visits during the grant period on all grants of $250,000 and higher
- Conducting a financial reconciliation of grantee’s expenditures at least once during the grant period on grants of $50,000 and higher. For this purpose, the grantee must make expense receipts, employee timesheets, invoices, and any other supporting documents available upon request by the state.

The monitoring schedule relating to the grant project will be determined at a later date.

Grantee bidding requirements
For (Non-Government Organizations) NGOs:
The grantee must take all necessary affirmative steps to assure that targeted vendors from businesses with active certifications through these entities are used when possible:

- State Department of Administration’s Certified Targeted Group, Economically Disadvantaged and Veteran-Owned Vendor List
- Metropolitan Council’s Targeted Vendor list: Minnesota Unified Certification Program
- Small Business Certification Program through Hennepin County, Ramsey County, and City of St. Paul: Central Certification Program

The grantee must maintain:

- Written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.
- Support documentation of the purchasing and/or bidding process utilized to contract services in their financial records, including support documentation justifying a single/sole source bid, if applicable.

The grantee must not contract with vendors who are suspended or debarred in Minnesota: http://www.mmd.admin.state.mn.us/debarredreport.asp.
For Municipalities:
Grantees that are municipalities must follow:

- The contracting and bidding requirements in the Uniform Municipal Contracting Law as defined in Minn. Stat. §471.345
- The requirements of prevailing wage for grant-funded projects that include construction work of $25,000 or more, per Minn. Stat. §§177.41 through 177.44. The bid request must state the project is subject to *prevailing wage*. These rules require that the wages of laborers and workers should be comparable to wages paid for similar work in the community as a whole. A prevailing wage form should accompany these bid submittals.

The grantee must not contract with vendors who are suspended or debarred in Minnesota:
http://www.mmd.admin.state.mn.us/debarredreport.asp

Audits
Per Minn. Stat. §16B.98 subp. 8, the grantee’s books, records, documents, and accounting procedures and practices of the grantee or other parties that are relevant to the grant or transaction are subject to examination by the granting agency and either the legislative auditor or the state auditor, as appropriate. This requirement will last for a minimum of six years from the grant agreement end date, receipt, and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.

Affirmative action and non-discrimination requirements for all Grantees:

A. The grantee agrees not to discriminate against any employee or applicant for employment because of race, color, creed, religion, national origin, sex, marital status, status in regard to public assistance, membership or activity in a local commission, disability, sexual orientation, or age in regard to any position for which the employee or applicant for employment is qualified. Minn. Stat. §363A.02. The grantee agrees to take affirmative steps to employ, advance in employment, upgrade, train, and recruit minority persons, women, and persons with disabilities.

B. The grantee must not discriminate against any employee or applicant for employment because of physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. The grantee agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified disabled persons without discrimination based upon their physical or mental disability in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Minn. R. 5000.3500.

C. The grantee agrees to comply with the rules and relevant orders of the Minnesota Department of Human Rights issued pursuant to the Minnesota Human Rights Act.

Voter registration requirement
The grantee will comply with Minn. Stat. §201.162 by providing voter registration services for its employees and for the public served by the grantee.
Exhibit 1: Application evaluation score sheet

Evaluation factors

A 100-point scale per vehicle will be used to evaluate eligible applications. Scores will be used to develop final recommendations. Applications will be evaluated and ranked according to the following criteria:

1. Cost effectiveness: (35 points max)
   Points will be calculated by dividing NOx emissions reduction by grant application award estimate amount:
   - Top 20%: 35 points
   - Next 20%: 30 points
   - Next 20%: 25 points
   - Next 20%: 15 points
   - Next 20%: 10 points

2. Emissions Reduction in tons: (30 point max)
   Points will be available in the following manner:

<table>
<thead>
<tr>
<th>NOx Reductions</th>
<th>PM2.5 Reductions</th>
<th>CO2 Reductions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 20%: 10 points</td>
<td>Top 20%: 10 points</td>
<td>Top 20%: 10 points</td>
</tr>
<tr>
<td>Next 20%: 8 points</td>
<td>Next 20%: 8 points</td>
<td>Next 20%: 8 points</td>
</tr>
<tr>
<td>Next 20%: 5 points</td>
<td>Next 20%: 5 points</td>
<td>Next 20%: 5 points</td>
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<tr>
<td>Next 20%: 3 points</td>
<td>Next 20%: 3 points</td>
<td>Next 20%: 3 points</td>
</tr>
<tr>
<td>Bottom 20%: 0 points</td>
<td>Bottom 20%: 0 points</td>
<td>Bottom 20%: 0 points</td>
</tr>
</tbody>
</table>

3. Environmental justice and vulnerable populations (15 points max) (See application, part 1, for additional information)
   A. Operation in areas of concern for environmental justice: up to 10 points. Points will be assigned based on the primary (weighted at 75%) and secondary (weighted at 25%) ZIP codes of vehicle operation.
   B. Other vulnerable population concerns: up to 5 points. Points will be assigned based on written description of how the project will benefit underserved communities. See questions A–C in the application, part 1.

4. Operation in areas of higher vulnerability to negative health outcomes related to air pollution: (10 points max) Points will be assigned based on the primary (weighted at 75%) and secondary (weighted at 25%) ZIP codes and counties of vehicle operation.

5. Operation in areas of higher pollution: (5 points max) Points will be assigned based on the primary (weighted at 75%) and secondary (weighted at 25%) ZIP codes of vehicle operation.

6. Points awarded to projects that include small businesses that are certified veteran-owned, economically disadvantaged, or targeted group businesses in Minnesota based on the business’s ownership by a woman, a minority, a person with a substantial physical disability. Additional information is at https://mn.gov/admin/business/vendor-info/oep/sbcp/(3 points max) Y/N

7. Written idle reduction plan? (2 points max) Y/N

Total 100