

**South Dakota Department of  
Environment and Natural  
Resources  
523 E Capitol  
Pierre, SD 57501**

**South Dakota Diesel Emission Reduction Act (DERA) &  
Volkswagen School Bus, Shuttle Bus, and Transit Bus  
Rebate Programs**

**Guidelines and Applications  
Round Eleven**



**Application Deadline:**

***December 14, 2018 – 5:00 PM***

This program is funded through the United States  
Environmental Protection Agency State Clean Diesel Grant  
and the South Dakota Volkswagen (VW) Environmental  
Mitigation Trust

## Section 1 – Introduction

The primary goal of the South Dakota Clean Diesel Rebate Program is to reduce school children's exposure to fine particulate and smog-forming pollution; and the primary goal of South Dakota's VW Environmental Mitigation Trust is to facilitate the improvement and protection of the ambient air quality throughout South Dakota. The South Dakota Department of Environment and Natural Resources (DENR) administers these programs. The programs provide rebates to help purchase new buses that replace older in-use higher emitting diesel buses to reduce diesel particulate matter and smog-forming emissions.

DENR will provide rebates for the following:

- Replacement of Class 4-8 diesel school, shuttle, or transit buses. These are buses with a Gross Vehicle Weight Rating of 14,001 pounds or greater

Program information will be posted on the Clean Diesel Grant Program website at <http://denr.sd.gov/des/aq/aadera.aspx> . For additional information, please contact: **South Dakota's Clean Diesel Program** at 1-800-GET-DENR (1-800-438-3367) or [barb.regynski@state.sd.us](mailto:barb.regynski@state.sd.us).

## Section 2 – Background

While South Dakota's air quality is cleaner than many states and currently meets the federal National Ambient Air Quality Standards, reducing emissions from diesel engines is one of the most important air quality challenges facing the country. The South Dakota programs provide rebates to help public schools, non-public schools, state special schools, approved educational programs, shuttle or transit system providers, and school bus contractors purchase new buses to replace old, high-emitting, diesel buses.

Buses are a safe and effective way to transport children, the elderly, and others; but they emit pollution. According to the Environmental Protection Agency (EPA), exposure to diesel exhaust, even at low levels, is a health hazard that can aggravate respiratory problems such as asthma and bronchitis and possibly increase the risk of lung damage.

Children are especially vulnerable to the effects of diesel exhaust since their lungs are not yet fully developed, and they breathe twice as much air as adults per pound of body weight. Diesel fuel contains 40 chemicals listed as hazardous air pollutants under the federal Clean Air Act. You don't have to ride the bus to breathe in these fumes. The air quality in and around bus stops is compromised by idling buses during drop off and pick up, exposing not only the riders, but also those outside the bus to unhealthy diesel emissions.

Purchasing newer buses with better emissions controls is a health benefit to the passengers and to the environment by helping keep the air in South Dakota clean.

## Section 3 - Eligible Participants

South Dakota public schools, non-public schools, state special schools, approved educational programs, shuttle or transit system providers, and school bus contractors that provide transportation services are eligible to participate.

## Section 4 - Eligible Projects

The eligibility criteria for existing buses to be replaced and receive a rebate are as follows:

- Class 4-8 school, shuttle, or transit buses (Gross Vehicle Weight Rating 14,001 pounds and greater) with engine model years 1995 through 2006 and have at least 3 useful years of operation remaining. In addition, if the replacement is an all-electric bus, engine model years 2007 through 2009 may also be replaced. The replacement bus must be of the same type and similar gross vehicle weight rating (not more than a 10 percent increase).
- Funds cannot be used for replacements that would have occurred through normal attrition/fleet turnover within three years of the project start date. Normal attrition is typically defined by the bus or fleet owner's budget plan, operating plan, standard procedures, or retirement schedule. For example, if a bus fleet typically retires buses after 20 years, a bus that is currently in its 18th or 19th year of service is not eligible for replacement. A bus that is currently in its 17th year of service and has three years of useful life remaining (as defined by the fleet's retirement schedule) is eligible for replacement. Normal attrition does not include replacements that must occur due to a State or Local mandate. **Applications must include a detailed discussion of the fleet owner's normal attrition schedule and must explain how the proposed emission reductions are not a result of vehicle/equipment replacements that would have occurred through normal attrition/fleet turnover within three years of the project start date.**
- The bus being replaced must be scrapped or rendered permanently disabled within ninety (90) days of the replacement. Evidence of appropriate disposal (including digital photos of the engine tag showing serial number, engine family number, and engine model year, vehicle identification number (VIN), and of the destroyed engine block and cut frame rails or other structural components) is required for rebate to be made. Drilling a three inch hole in the engine block and disabling the chassis is the preferred scrapping method. Equipment and vehicle components that are not part of the engine or chassis may be salvaged from the unit being replaced (e.g. plow blades, shovels, seats, tires, etc.). If scrapped or salvaged vehicles/parts are sold, the income may be used to meet the cost-sharing or matching requirement of the award, including any mandatory or voluntary cost-share. Therefore, the amount of the award remains the same.

The eligibility criteria for **new replacement** buses are as follows:

- Diesel, alternate fueled, or all-electric Class 4-8 school, shuttle, or transit buses (Gross Vehicle Weight Rating 14,001 pounds and greater) engine model year 2018 or newer. The replacement bus must be of the same type and similar gross vehicle weight rating (not more than a 10 percent increase).
- Total rebate per replacement bus will be up to 25% of the purchase price of a 2018 engine model year or newer engine certified to EPA emission standards, 35% of the purchase price of a 2018 engine model year or newer engine certified to meet CARB's Low-NOx standards, or 45% of the purchase price of an all-electric bus.
- **The applicant should receive the new bus by August 31, 2019.**

## **Section 5 – Funding Amounts**

Initially, there will be approximately \$280,000 of Diesel Emissions Reduction Act (DERA) funds available for replacing buses. A bill is being proposed for the 2019 legislative session to authorize spending authority for the VW mitigation trust funds. Contingent upon the bill passing, an additional \$837,000 will be available.

## **Section 6 – Project Awards**

Preference will be given to applications from public schools. Ranking of public schools will be based on the number of replacements received during previous rounds and then by age of the bus engine being replaced. No public school will receive an additional bus until all public school applicants have received a bus.

Any remaining funds will be distributed to applications from non-public schools, specialized non-public schools, shuttle and transit system providers, and school bus contractors. These applications will be ranked by the age of the bus engine being replaced with no applicant receiving an additional bus until all applicants have received a bus.

Applications received prior to the deadline will be considered first and those received after the deadline will be considered for any remaining funds using the same criteria mentioned above.

On January 14, 2019, the application ranking will be made available. Those with the highest rankings will be sent a rebate agreement. The remaining highest ranked applicants will be sent a rebate agreement if the VW mitigation trust funding authority is approved by the legislature until all funds are allocated.

Selected applicants will enter into a written agreement with DENR and will submit a copy of their purchase order. Rebates will be issued upon submittal of a Request for Reimbursement Form, evidence of final bus purchase price, a Certificate of Disposal Form, photographic evidence of disposal, and if requesting the 35% rebate, a copy of the engine certificate showing it meets CARB's Low-NOx Standards.

## Section 7 – Tentative Schedule

Date	Activity
November 5, 2018	Call for Round Eleven Projects Opens
December 14, 2018	Call for Round Eleven Projects Deadline
December 17, 2018 – January 11, 2019	Evaluate & Select Round Eleven Projects
January 14, 2019	Post Round Eleven Selected Projects Ranking List. Email rebate agreements to highest ranking applicants.
If/when VW Mitigation Trust Funding authority is approved	Email rebate agreements to the remaining highest ranked applicants until all funds are allocated.
January 2019 – April 2019	Recipients will order buses and email DENR copies of purchase orders
September 2019	Deadline for all invoices and paperwork to be submitted to DENR

## Section 8 – Program Application Process

The application and program participation process is as follows:

1. Program applications are attached to this document and are also available from the website at <http://denr.sd.gov/des/aq/aadera.aspx>
2. Applications must be submitted to DENR by 5:00 PM, December 14, 2018, for initial consideration. Applications are to be submitted by email to [barb.regynski@state.sd.us](mailto:barb.regynski@state.sd.us) or by mail to:  
Bus Rebate Programs  
SD DENR – AQ Program  
523 E Capitol  
Pierre, SD 57501
3. DENR will evaluate applications.
4. DENR will post ranking list.
5. Selected applicants will be emailed rebate agreements.

## Section 9 – Program Requirements

Successful project applicants must enter into an agreement with DENR setting forth specific performance criteria to ensure compliance with statutory and audit requirements. Agreement preparation will begin immediately upon DENR selection of a project. The agreement will include further details on complying with program requirements. All services or work carried out under an agreement

awarded as a result of this call for projects must be completed within the scope, time frames, and funding limitations specified by the agreement. Upon signature and execution of the agreement by DENR, a copy of the executed agreement will be returned to the applicant, at which time the project will be considered awarded.

### **Replacement Bus Requirements**

- The applicant must provide DENR with an original Internal Revenue Service (IRS) Request for Taxpayer Identification Number and Certification Form W-9. A copy of the IRS Form W-9 can be downloaded at [www.irs.gov](http://www.irs.gov) or by calling 1-800-829-3676.
- Purchase of new buses may not occur prior to both parties signing the agreement. Rebates will be made on a reimbursement basis for eligible expenses incurred and paid by the recipient. A cost may not be considered incurred until the replacement bus has been received and accepted by the recipient.
- The applicant verifies that the replacement activity would not have occurred through normal attrition/fleet turnover within three years of the project start date.
- Program funds must only be used to purchase a new bus that is equipped with essential or standard equipment.
- The applicant must provide DENR with a copy of the Division of Motor Vehicles registration or title for the bus being replaced.
- The applicant must submit a copy of the Purchase Order to DENR.
- The applicant must insure that the replaced bus is permanently disabled or scrapped and maintain documentation on how the replaced bus was permanently disabled or scrapped.
- Applicant submits a Request for Reimbursement Form, evidence of final bus purchase price, Certificate of Disposal Form, photographic evidence of disposal and if requesting the 35% rebate, a copy of the engine certificate showing it meets CARB's Low-NOx Standards. DENR will review the information for compliance with all grant requirements.
- Rebate will be issued upon verification (documentation and/or DENR staff site visit).
- The applicant agrees that program criteria and requirements may be reviewed, as new information becomes available, and can be revised at the discretion of DENR.
- DENR maintains the right to monitor the project periodically.

- The applicant must maintain ownership of the replacement school bus for three years after receipt of the rebate.

## **Section 10 - Verification Procedures**

Any applicant that receives School Bus Replacement Rebate Program funds may be subject to verification of each program or project funded. The verification may be conducted by staff from DENR and/or EPA. Grant documentation, records, and referenced materials must be available for review during monitoring visits.

Upon the completion of verification, DENR will determine if the funds were used for the approved project and make the verification available to the applicant and to the public upon request.

If DENR determines that the funds were expended in a manner contrary to law or not in accordance with provisions, DENR will notify the applicant of the determination, and may, at its discretion, seek re-payment of funds misappropriated, spent for non-eligible activities, or otherwise inappropriately expended.

## APPLICATION PACKET CHECKLIST BUS REPLACEMENT

A complete application packet includes the following items:

- Completed **Application**.
- Completed **IRS Form W-9**.
- Copy of Department of Motor Vehicles **registration or title** for the bus to be replaced.
- Dated and itemized dealer **quote** for replacement bus.
  - The quote must provide a breakdown for the total cost of the new bus.
- Applications must be submitted to DENR by 5:00 PM, December 14, 2018, for initial consideration for round eleven funding. Applications are to be submitted by email to [barb.regynski@state.sd.us](mailto:barb.regynski@state.sd.us) or by mail to:
  - Bus Rebate Programs
  - SD DENR – AQ Program
  - 523 E Capitol
  - Pierre, SD 57501



## BUS REPLACEMENT APPLICATION

I. APPLICANT INFORMATION			
1	a. Applicant Name:	b. DUNS Number:	
2	Applicant Address:		
3	a. City:	b. State:	c. Zip + 4:
4	a. Contact Name:	b. Contact Title:	
5	a. Contact Phone:	b. Contact Fax:	
6	Contact Email:		
7	<input type="checkbox"/> Public School, <input type="checkbox"/> Other School or Educational Program, <input type="checkbox"/> School Bus Contractor, or <input type="checkbox"/> Shuttle/Transit		
II. EXISTING BUS INFORMATION:			
1	Bus Storage Address:		
2	a. City:	b. County:	c. Zip Code:
3	Bus Type: <input type="checkbox"/> School Bus or <input type="checkbox"/> Transit Bus		
4	a. Bus Manufacturer:	a. Bus Model:	b. Bus Model Year:
5	Type of Fuel: <input type="checkbox"/> Diesel		
6	Estimated Annual Fuel Usage for this Bus (gallons):		
7	a. Cumulative Mileage:	b. Estimated Annual Mileage:	
8	Gross Vehicle Weight Rating (GVWR):		
9	Vehicle Identification Number (VIN):		
10	a. Engine Manufacturer:	b. Engine Model:	c. Engine Model Year:
11	Engine Serial Number:		
12	Average Vehicle Life (how long you usually keep your buses):		
13	Discussion of the fleet owner's normal attrition schedule and must explain how the proposed emission reductions are not a result of vehicle replacements that would have occurred through normal attrition/fleet turnover within three years of the project start date:		
III. NEW REPLACEMENT BUS INFORMATION			
1	Bus Type: <input type="checkbox"/> School Bus or <input type="checkbox"/> Transit Bus		
2	a. New Bus Manufacturer :	a. New Bus Model:	b. New Bus Model Year:
3	New Bus Type of Fuel: <input type="checkbox"/> Diesel, <input type="checkbox"/> CNG, <input type="checkbox"/> LNG, <input type="checkbox"/> LPG/Propane, <input type="checkbox"/> Electric, or <input type="checkbox"/> Other		
4	Rebate: <input type="checkbox"/> 25%, <input type="checkbox"/> 35% if certified to meet CARB's Low-NOx Standards, or <input type="checkbox"/> 45% of an all-electric		
5	Gross Vehicle Weight Rating (GVWR):		
6	a. Price of New Bus:		
7	a. Estimated Purchase Order Date:	b. Estimated Date of Bus Delivery:	
8	a. Engine Manufacturer:	b. Engine Model:	c. Engine Model Year:
IV. SCRAPPING COMPANY/DISMANTLER INFORMATION			
1	Describe Method of Disposal of School Bus:		
2	Scrapping Company/Dismantler Name:		
3	Contact Name:		
4	Address:		
5	a. City:	b. State:	c. Zip Code:
6	a. Phone:	b. Fax:	
7	Email:		

## BUS REPLACEMENT APPLICATION

### V. BUS MANUFACTURER/DEALER INFORMATION

1	Bus Manufacturer/Dealer:		
2	Contact Name:		
3	Address:		
4	a. City:	b. State:	c. Zip Code:
5	a. Phone:	b. Fax:	
6	Email:		

### VI. SCHOOL DISTRICT/ORGANIZATION CERTIFICATION

I certify that to the best of my knowledge the information contained in this application and in the supplemental material is correct and complete. I certify that the funding requested satisfies the eligibility requirements for this Program as represented in the Program Description and related materials. I certify that I understand that the funding under this Program is subject to restrictions and other conditions listed in the Program Description.

<input checked="" type="checkbox"/>	The applicant will use the funding under this Program for the specific purposes defined in the Program Description.
<input checked="" type="checkbox"/>	The applicant has received approval to apply and make use of the funding under this program.
<input checked="" type="checkbox"/>	The applicant is not currently debarred or suspended from receiving federal funding.
<input checked="" type="checkbox"/>	The applicant agrees to complete scrappage of the bus being replaced.
<input checked="" type="checkbox"/>	The applicant verifies that the replacement activity would not have occurred through normal attrition/fleet turnover within three years of the project start date.
<input checked="" type="checkbox"/>	The applicant certifies that all vendors will be selected in accordance with state public contracting laws as applicable (SDCL 5-18 A to D) and will follow 2 CFR §§200.318 General Procurement Standards through 200.326 Contract Provisions.

I authorize DENR to make any necessary inquiries to verify the information that I have presented. I acknowledge that the information in this application is not confidential and may be released as required by the Program.

Printed Name of Responsible Party:	Title:
Signature of Responsible Party:	Date:

Applications are to be submitted by email to [barb.regynski@state.sd.us](mailto:barb.regynski@state.sd.us) or by mail to:  
 Bus Rebate Programs  
 SD DENR – AQ Program  
 523 E Capitol  
 Pierre, SD 57501

## Request for Reimbursement Form

Name of Applicant: \_\_\_\_\_

Date new bus was delivered: \_\_\_\_\_

Engine Model Year of New Bus: \_\_\_\_\_

**Instructions:** Fill in the information below to summarize the Reimbursement Request.

### Reimbursement Summary

Final Purchase Price of Bus	\$
Rebate Amount (not to exceed awarded amount) = Final Purchase Price X percentage from award	\$

*Program Income from Salvage/Scrappage	\$
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\*If scrapped or salvaged engines/vehicles are to be sold, program income requirements apply. Program income may be used to meet the cost-sharing or matching requirement of the award, including any mandatory or voluntary cost-share. The amount of the award remains the same.

- Please attach evidence of final bus purchase price such as a copy of the dealer invoice, receipt, or canceled check
- Please attach Certificate of Disposal and photos verifying disposal
- if requesting the 35% rebate, please attach a copy of the engine certificate showing it meets CARB's Low-NOx Standards.

Requests are to be submitted by email to [barb.regynski@state.sd.us](mailto:barb.regynski@state.sd.us) or by mail to:  
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## Certificate of Disposal Form

EPA Grantee Name: SD Department of Environment and Natural Resources    EPA Grant No.: 96844801

Applicant Name: \_\_\_\_\_

### Old Bus/Chassis Information

Make:		Vehicle ID Number:	
Model:		Odometer Reading:	miles
Year:			

### Old Engine Information

Make:		Horsepower:	
Model:		ID or Serial No.:	
Year:			

Name of Dismantler: \_\_\_\_\_

Address of Dismantler: \_\_\_\_\_

Signature of Dismantler: \_\_\_\_\_      Date Bus Disabled: \_\_\_\_\_

Applicant Representative:

**Statement:** I certify that within 90 days of replacement, the old engine and chassis have been permanently disabled. Disabling the engine consists of cutting or punching a three inch by three inch (3" x 3") hole in the engine block. Disabling the chassis consists of cutting completely through the frame/frame rails on each side of the vehicle/equipment at a point located between the front and rear axles. Photos of the disabled engine/chassis that are required pursuant to the Terms and Conditions of the award agreement are attached to this Certificate of Disposal.

Representative Name: \_\_\_\_\_

Representative Signature: \_\_\_\_\_      Date: \_\_\_\_\_

Note: Documentation must include JPEG images of the following, with corresponding file names:

- |                            |                             |                                |                      |
|----------------------------|-----------------------------|--------------------------------|----------------------|
| 1) Side profile of vehicle | 3) Engine label             | 5) Engine block, prior to hole | 7) Others, as needed |
| 2) VIN                     | 4) Chassis rail cut in half | 6) Engine block, after hole    |                      |

## Examples of Bus Disposal Pictures

Photo #1: Side profile of bus being scrapped



Photo #2: VIN of the bus being scrapped

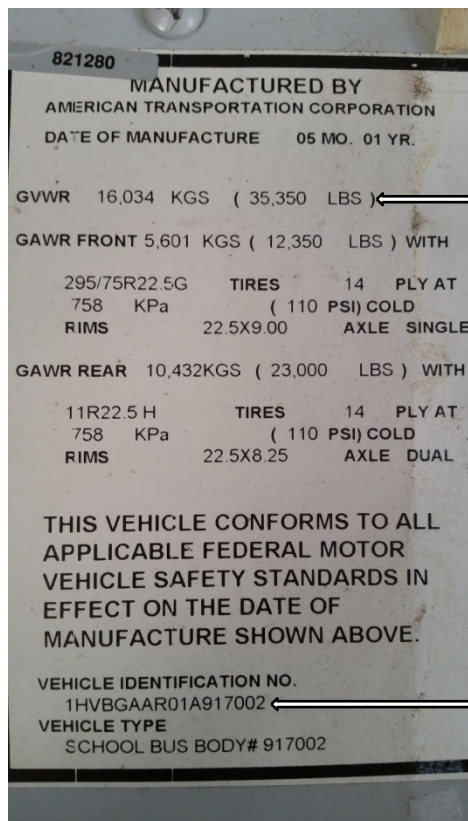


Photo #3: Engine tag with engine serial number and EPA engine family name



Photo #4: Chassis rail cut in half





Photo #5: Engine block prior to hole being drilled



Photo #6: Engine block after hole has been drilled

