The Virginia Department of Environmental Quality (DEQ), is now accepting applications to fund all-electric projects through the Clean Air Communities Program (CACP). DEQ is the lead agency implementing the Volkswagen Environmental Mitigation Trust (VW Trust) in Virginia.

The Trust was established following settlements resolving allegations that Volkswagen violated the Clean Air Act through the use of emission testing defeat devices designed to cheat on federal emissions tests. More than 16,000 excessively polluting vehicles were sold in Virginia, and produced over 2,000 tons of excess nitrogen oxides in violation of federal pollution standards.

Through a competitive application process, DEQ will award $20 million to government entities for all-electric projects that will eliminate harmful air pollutants and mitigate climate change.

**Important dates**

* October 2020 – Application period begins
* October 21, 2020, 2:00 – 4:00 PM; November 12, 2020, 10:00 AM – 12:00 PM Webinars for potential applicants (Register for the [October 21, 2020 webinar here](https://attendee.gotowebinar.com/register/3958293946690339854) or the [November 12, 2020 webinar here](https://global.gotowebinar.com/join/3271802866285740557/123326976))
* January 11, 2021 – Application deadline
* March 2021 – Awards announced

Note that DEQ reserves the right to adjust the dates listed above, if necessary.

This CACP Request for Applications provides an overview of the application timeline and process, information on eligibility and program funding requirements, project selection criteria, and instructions on how to apply. The application template, required and supporting documents listed below as appendices are available on DEQ’s [VW webpage](https://www.deq.virginia.gov/Programs/Air/VWMitigation.aspx):

Appendix A: Clean Air Communities Program Application Template

Appendix B: Definitions

Appendix C: Fleet Data Spreadsheet

Appendix D: General Terms & Conditions of State Funded Grant Contracts

Appendix E: Priority Areas

Appendix F: Statement of Certification

**Program Eligibility and General Requirements**

**Eligible Applicants**

Applicant must be a state or local government agency or a tribal government or native village in order to be eligible to apply for CACP funds. Government agencies include: school districts, municipalities, cities, counties, special districts, transit districts, joint powers authorities, or port authorities.

**Project Eligibility and Reimbursement Rates** (see Appendix B: Definitions)

| **Eligible Project** | **Type** | **Eligibility** | **Reimbursement** |
| --- | --- | --- | --- |
| Class 8 local freight trucks and port drayage trucks: trucks used for freight/cargo delivery including waste haulers, dump trucks, concrete mixers or drayage trucks hauling cargo to and from ports and intermodal rail yards with a gross vehicle weight rating (GVWR) greater than 33,000 lbs. | Replacement | Eligible trucks include 1992-2009 engine model year Class 8 local freight or drayage trucks.Eligible trucks must be scrapped, and replaced with a new all-electric vehicle with the engine model year in which the eligible large truck mitigation action occurs or one engine model year prior. | Up to 75% for government-owned all-electric vehicle replacement, including electric charging infrastructure costs. |
| Class 4-7 local freight trucks: commercial trucks used to deliver cargo and freight (e.g., courier services, delivery trucks, box trucks moving freight, waste haulers, dump trucks, concrete mixers) with a GVWR between 14,001 and 33,000 lbs. | Replacement | Eligible trucks include 1992-2009 engine model year Class 4-7 local freight trucks.Eligible trucks must be scrapped, and replaced with a new all-electric vehicle with the engine model year in which the eligible medium truck mitigation action occurs or one engine model year prior. | Up to 75% for government owned all-electric vehicle replacement, including electric charging infrastructure costs. |
| Class 4-8 shuttle buses: Shuttle buses used for transporting people with a gross vehicle weight rating GVWR greater than 14,001 lbs. | Replacement | Eligible shuttle buses include 2009 engine model year or older class 4-8 shuttle buses. Eligible shuttle buses must be scrapped and replaced with a new all-electric vehicle with the engine model year in which the eligible bus mitigation action occurs or one engine model year prior. | Up to 75% for government owned all-electric vehicle replacement, including electric charging infrastructure costs. |
| Airport ground support equipment: vehicles and equipment used at an airport to service aircraft between flights. | Replacement | Eligible airport ground support equipment includesTier 0, Tier 1, or Tier 2 diesel powered airport ground support equipment; and uncertified, or certified to 3 g/bhp-hr or higher emissions, spark ignition engine powered airport ground support equipment,Eligible airport ground support equipment must be scrapped, and replaced with the same airport ground support equipment in an all-electric form. | Up to 75% for government owned all-electric equipment replacement, including charging infrastructure costs. |
| Freight switching locomotives: locomotive that move rail cars around a rail yard as compared to a line-haul engine that moves freight long distances. | Repower or replacement | Eligible freight switchers include pre-Tier 4 switcher locomotives that operate 1,000 or more hours per year.Eligible freight switchers must be scrapped, and may be repowered with a new all-electric engine(s) or may be replaced with a new all-electric freight switcher certified to meet the applicable EPA emission standards for the engine model year in which the eligible freight switcher mitigation action occurs. | Up to 75% for government owned all-electric repower or replacement, including electric charging infrastructure costs. |
| Ferries/tugs: Dedicated vessels that push or pull other vessels in ports, harbors, and inland waterways (e.g., tugboats or tow boats) and vessels that transport people. **Harbor shuttles and excursion vessels are not eligible under this program.** | Repower | Eligible ferries and/or tugs include unregulated, Tier 1 or Tier 2 marine engines.Eligible ferry and/or tug engines that are replaced must be scrapped, and Eligible ferries and/or tugs must be repowered with new all-electric engines. | Up to 75% for government owned all-electric repower, including electric charging infrastructure costs. |
| Ocean-going vessels: container ships, bulk carriers, general cargo ship. | Shorepower | Eligible marine shorepower includes systems that enable a compatible vessel’s main and auxiliary engines to remain off while the vessel is at berth. Components of such systems eligible for reimbursement are limited to cables,power distribution, cable management, shore power coupler and distribution control systems. Marine shore power systems must comply with international shore power design standards (ISO/IEC/IEEE 80005-1-2012 High Voltage Shore Connection Systems or the IEC/PAS 80005-3:2014 Low Voltage Shore Connection Systems) and should be supplied with power sourced from the local utility grid. | Up to 75% for government owned shore side infrastructure. |

**Match Requirement**

Applicant must provide a cost-share of at least 25% of the total project costs (applicant and/or other funding sources, including other “eligible” grant funds received). Applicant is encouraged to provide a cost-share greater than the minimum 25% required for the project, in order to receive a higher ranking for cost-effectiveness (see project selection criteria). Applicants must demonstrate the ability to cover the total cost of the project being applied for until reimbursement transpires. If using other “eligible” grant funds towards the applicant’s required match of 25%, the applicant must demonstrate that grant funds have been awarded/received and can be used in conjunction with VW Trust funds.

**~~Competitive Bids~~**

~~DEQ must certify to the Trustee of the VW Trust that all vendors are selected in accordance with state public contracting laws. Applicants are required to include a copy of the bid and bid tabulation sheet and an official copy of a price quote from the vendor from whom the applicant proposes to purchase the new vehicles, equipment, engines, etc., and associated charging infrastructure. The quote must be dated within 4 months immediately preceding the date the application is submitted. If awarded funding and the vendor who provided a price quote to accompany the grant application is not the vendor ultimately selected in the competitive purchasing process, the grantee will be required to provide a copy of the competitive solicitation and bid tabulation, and a price quote on letterhead from the new vendor.~~ **~~Note that DEQ will not increase the funding above the original award amount~~.**

**Cost Estimates and Public Procurement and Contracting Law**

Applicant must provide a detailed cost estimate(s) from the vendor from whom the applicant intends to purchase vehicles, equipment, or engines and associated charging infrastructure. The applicant is responsible for providing proof that the jurisdiction’s public procurement and contracting law were followed. If awarded funding and the vendor who provided a cost estimate to accompany the grant application is not the same vendor selected to purchase products and services from, DEQ will not increase funding above the original award amount.

If purchasing vehicles, equipment, or engines and associated charging infrastructure from a current public contract, applicant must provide actual pricing for the vehicles, equipment or engines and associated charging infrastructure (if applicable) that the applicant intends to purchase. The applicant is responsible for providing proof that the jurisdiction’s public procurement and contracting law were followed. If awarded funding, DEQ will not increase funding above the original award amount.

Applicant must certify that vehicles, equipment, or engines and associated charging infrastructure presented for funding in the application were/will be procured in accordance with the jurisdiction’s public procurement and contracting law, that the applicant will provide proof that the jurisdiction’s public procurement and contracting law were followed, and if awarded funding, the applicant must certify that it understands that if the vendor who provided the cost estimate or the public contract used for pricing and submitted with the application is not the same vendor/contract that is used to purchase vehicles, equipment or engines and associated charging infrastructure, DEQ will not increase the funding above the original award amount and that it understands that all or part of the project expenses presented for reimbursement were not procured or contracted in a manner compliant with the jurisdiction’s public procurement and contracting law, those vehicles, equipment, or engines and associated charging infrastructure are ineligible for reimbursement through CACP (see Appendix F: Statement of Certification).

**Ineligible Costs**

The costs of preparing and submitting applications in response to this Request for Applications are solely the responsibility of the applicant. The program shall not reimburse or contribute, in any way, to the cost of the preparation and submittal of the application.

Ineligiblecosts include but may not be limited to:

* Operating expenses and fuel costs.
* Any project required by any law or other legally binding agreement.
* Work done or purchases made prior to official notice of DEQ project authorization.
* Costs incurred for work or purchases not included in the approved project scope.
* Installation costs incurred from in-kind services.
* Administrative costs.

**Reimbursement Policy**

This is a reimbursement program and applicants must provide their own funding to cover expenses as they are incurred. Applicants awarded funding may be reimbursed in two stages if all requirements for reimbursement have been satisfied. Requirements include but are not limited to the following:

**Stage 1**: Up to 50% of the amount authorized for the project after the grantee submits a copy of the original purchase order and acceptable documentation to show that eligible expenses have been paid by the grantee, and

**Stage 2**: Remaining authorized amount for the project after the grantee submits acceptable documentation to show that eligible expenses have already been paid by the grantee, and that old vehicles, engines, and equipment have been properly decommissioned.

CACP funds may not be used to reimburse recipients for any expenses prior to the execution of a grant agreement and obtaining DEQ authorization to proceed with approved project scope.

**Leased vehicles**

Leased vehicles/equipment are not eligible for funding under this program.

**Mileage/hours of operation**

To be eligible for funding, all on-road vehicles being replaced must have logged at least 5,000 miles in each of the prior 3 years. Also, all off-road vehicles, engines, and equipment being replaced or repowered (including, but not limited to, switcher locomotives, ferries, tugs and airport ground support equipment) must have logged at least 1,000 hours of operation in each of the prior 3 years. All on-road vehicles being replaced must be registered in Virginia for operation on public highways at the time of application. This includes vehicles registered in Virginia under the Bureau of Motor Vehicles’ International Registration Plan. Eligible tugs and ferries must be registered with the U.S. Coast Guard at the time of application.

**Fleet Data Sheet**

Applicants must complete the Fleet Data Worksheet for each project applied for (see Appendix C).

**Scrappage**

All vehicles, engines, or equipment replaced with new vehicles, engines, or equipment, or engines removed for repower, *must be salvaged* within 90 days of possession of the new vehicle, engine, equipment or repowered engine, and all new on-road vehicles must be registered in Virginia for operation on public highways prior to final reimbursement of eligible project costs. This includes vehicles registered in Virginia under the Bureau of Motor Vehicles’ International Registration Plan. Repowered tugs and ferries must be registered with the U.S. Coast Guard prior to final reimbursement of eligible project costs.

**Grant Agreements**

This Request for Applications is not a grant agreement. Applicants selected for funding are required to enter into a grant agreement with Virginia DEQ, which will include additional requirements (e.g., reporting), terms and conditions, such as but not limited to “*General Terms and Conditions of State Funded Grant Contracts*” (see Appendix D).

**Record Maintenance and Public Information**

Grantees will be required to maintain all financial and other project related documentation for a period of five years, consistent with the executed grant agreement. Public financing requires transparency and documentation. Applicants should understand that their applications and documentation regarding reimbursed expenses and purchases made with public funds become public records. These records will be provided to the VW Trust and are subject to public record requests and compliance review by DEQ as the oversight agency. This information is not eligible for trade secret protection under Virginia law. Documentation regarding funded projects, including invoices submitted and approved for reimbursement, will reside in paper and electronic files at DEQ and may be the subject of a public records request or audit.

**Project Selection Criteria**

Due to the competitiveness of the program, not all eligible projects will be approved for funding.Project selection criteria include:

1. Projected emission reductions of nitrogen oxides (NOx), reported in tons per year;
2. Cost effectiveness of NOx emission reductions, reported in dollars per ton of reduced emissions. The program funded share of the total project cost described in the application will be divided by the estimated total emission reduction of NOx to determine the cost-effectiveness of the project.
3. Project location. Priority will be given to applications for projects in low income[[1]](#footnote-1) counties/cities, minority[[2]](#footnote-2) counties/cites, or counties/cities listed on the U.S. Environmental Protection Agency 2020 Diesel Emission Reduction Act Priority Area List[[3]](#footnote-3). Projects located in counties/cities identified on multiple lists will receive a higher ranking. A complete list of prioritized counties/cites is provided in Appendix E.
4. Cost effectiveness of particulate matter emission reductions, reported in dollars per ton of reduced emissions; and
5. Cost effectiveness of carbon dioxide emission reductions, reported in dollars per ton of reduced emissions.

Each project will be scored and ranked based on the above selection criteria as follows:

| **Criterion** | **Possible Points** |
| --- | --- |
| **NOx Reduced**Each application will be evaluated based on total annual short tons of NOx reduced as estimated by using US EPA’s Diesel Emission Quantifier tool. The low, medium, and high emission reduction range will be determined once all applications are received.

| **Emission Reduction Range** | **Points** |
| --- | --- |
| High | 30 |
| Medium | 20 |
| Low | 10 |

 | 30 |
| **NOx Cost Effectiveness**The CACP funded share of the total project cost described in the application will be divided by the estimated total annual emission reduction of NOx, in short tons, to determine the cost-effectiveness of the project. The low, medium, and high emission reduction range will be determined once all applications are received.

| **Cost Effectiveness Range** | **Points** |
| --- | --- |
| High | 30 |
| Medium | 20 |
| Low | 10 |

 | 30 |
| **Project Location**Applications will receive the following points based on where the project is located:

| **Project Location** | **Points** |
| --- | --- |
| Priority Area 1 | 30 |
| Priority Area 2 | 25 |
| Priority Area 3 | 20 |
| Priority Area 4 | 10  |

 | 30 |
| **PM2.5 Cost Effectiveness**The CACP funded share of the total project cost described in the application will be divided by the estimated total annual emission reduction of PM2.5, in short tons, to determine the cost-effectiveness of the project. The low, medium, and high emission reduction range will be determined once all applications are received.

| **Cost Effectiveness Range** | **Points** |
| --- | --- |
| High  | 10 |
| Medium | 5  |
| Low | 1 |

 | 10 |
| **CO2 Cost Effectiveness**The CACP funded share of the total project cost described in the application will be divided by the estimated total annual emission reduction of CO2, in short tons, to determine the cost-effectiveness of the project. The low, medium, and high emission reduction range will be determined once all applications are received.

| **Cost Effectiveness Range** | **Points** |
| --- | --- |
| High  | 10 |
| Medium | 5 |
| Low | 1 |

 | 10 |
| **Total Possible Points** | **110** |

**Applications**

An eligible applicant may apply for up to three eligible project types (see Appendix A for the Clean Air Communities Program application template). Applicants must submit a separate application per eligible project. An application containing more than one eligible project will not be considered for funding.

Electronic submittals are preferred and should be sent to VWmitigation@DEQ.virginia.gov. Paper submittals will also be accepted and should be mailed to:

Virginia Department of Environmental Quality

Division of Air and Renewable Energy

Attn: VW Settlement

PO Box 1105

Richmond, VA 23218

DEQ is not accepting applications delivered by courier or hand delivered.

Applications must be received by January 11, 2021.

Applicants must provide all information requested. Late or incomplete applications will not be considered. Applicants may submit responses to the application in a separate Word or PDF file. In addition to any required attachments to the application, applicants may attach information to support their applications as needed (e.g., project budget table). DEQ may contact applicants for clarification and/or additional information. Send questions regarding the application to VWmitigation@DEQ.virginia.gov.

1. 2018 Income Estimates by Jurisdiction (Virginia Localities), United States Census Bureau, 2018 Income and Economy, retrieved from http://www.census.gov/acs/www/data/data-tables-and-tools/data-profiles/2018/. [↑](#footnote-ref-1)
2. 2018 Population Estimates by Race (Virginia Localities), United States Census Bureau, 2018 Population Estimates, retrieved from http://demographics.coopercenter.org; 2018 Population Estimates by Hispanic Origin (Virginia Localities), United States Census Bureau, Census 2010 and 2018 Population Estimates retrieved from http://demographics.coopercenter.org. [↑](#footnote-ref-2)
3. 2020 DERA Priority Area List, United States Environmental Protection Agency retrieved from www.epa.gov/sites/production/files/2019-11/documents/fy20\_-priority-area-list-2019-12.pdf. [↑](#footnote-ref-3)