

State of South Carolina
Volkswagen Environmental Mitigation Trust
Request for Applications: Round 1
Application Manual



Prepared by:
South Carolina Department of Insurance
1201 Main Street, Suite 1000
Columbia, South Carolina 29201

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Related Resources

- ✓ South Carolina VW EMT Request for Applications: Round 1
 - [Application Template](#) (Word document)
 - [Bus Details](#) (Excel file)
- ✓ [South Carolina’s Beneficiary Mitigation Plan](#)
- ✓ [Environmental Mitigation Trust Agreement for State Beneficiaries](#) (as modified on February 28, 2019)
- ✓ [South Carolina’s VW Website](#)
- ✓ [National Trustee’s VW Website](#)

I. OVERVIEW OF REQUEST FOR APPLICATIONS

The South Carolina Department of Insurance (SCDOI or Department), as the lead agency for the State of South Carolina, is seeking to award up to \$10 million in funding¹ under the state's allocation for the Volkswagen Environmental Mitigation Trust². This document outlines the Department's request for applications for this initial round of funding under the state's [Beneficiary Mitigation Plan](#), which was finalized on December 6, 2018. The Department will issue one or more additional requests for applications in the future for the remaining funds available to the state under the EMT.

Eligibility Criteria

Consistent with the state's funding priorities as set forth in the BMP, this initial round of funding will be limited to Class 4-8 School, Shuttle and Transit Buses (Eligible Buses).³

This initial funding will be limited to applications for projects to replace Eligible Buses. Projects to repower⁴ will not be considered in this award cycle. Eligible Buses must have an engine model year of 2009 or older in order to be replaced.

Applications will only be accepted from Government entities⁵ for this initial funding. However, Non-Government entities⁶ may apply in partnership with one or more Government entities. All applicants must be located in South Carolina.

Applications may include multiple vehicle and/or fuel types; however, priority may be given to funding replacement buses that are fueled by sources other than diesel.

¹ Excluding the Department's administrative expenses; administrative expenses of funding recipients are excluded per the state's Beneficiary Mitigation Plan.

² For background on the Volkswagen Environmental Mitigation Trust, please refer to the state's Beneficiary Mitigation Plan or dedicated website, vwsettlement.sc.gov.

³ According to the Trust Agreement, "Class 4-8 School Bus, Shuttle Bus, or Transit Bus (Buses)" shall mean vehicles with a Gross Vehicle Weight Rating (GVWR) greater than 14,001 lbs. used for transporting people. "School Bus" shall mean 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.

⁴ According to the Trust Agreement, "repower" shall mean to replace an existing engine with a newer, cleaner engine or power source that is certified by EPA and, if applicable, CARB, to meet a more stringent set of engine emission standards. Repower includes, but is not limited to, diesel engine replacement with an engine certified for use with diesel or a clean alternate fuel, diesel engine replacement with an electric power source (e.g., grid, battery), diesel engine replacement with a fuel cell, diesel engine replacement with an electric generator(s) (genset), diesel engine upgrades in Ferries/Tugs with an EPA Certified Remanufacture System, and/or diesel engine upgrades in Ferries/Tugs with an EPA Verified Engine Upgrade. All-Electric and fuel cell Repowers do not require EPA or CARB certification.

⁵ "Government" shall mean a State or local government agency (including a school district, municipality, city, county, special district, transit district, joint powers authority, or port authority, owning fleets purchased with government funds), and a tribal government or native village. The term "State" means the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

⁶ As detailed in the State's Beneficiary Mitigation Plan, a federal agency (e.g., the Department of Interior, the U.S. Department of Agriculture, and other eligible federal agencies) will be considered a Non-Government entity for purposes of the funding limitations set forth in Appendix D-2.

Application Submission Instructions

Applications must be submitted electronically via email to vwsettlement@doi.sc.gov. Applications must be received by 5:00 p.m. Eastern Standard Time on Friday, May 17, 2019.

Funding Timeframe and Procedure

All applications will be reviewed by SCDOI staff. Subject matter experts may be engaged as appropriate to complete the evaluation process. The Department will consider the criteria set forth in the State's Beneficiary Mitigation Plan when evaluating projects for funding. *See, e.g., Section III, Overview of Environmental Mitigation Plan and Goals.*

Funding is expected to be awarded within 45 days following conclusion of the application period. If the Department is unable to complete the application evaluation process within this time frame, an announcement will be sent out via the VW Settlement email distribution list of the revised date by which the Department anticipates issuing such award(s). If the Department determines that the applications submitted are not sufficient to make a determination on awards, the SCDOI may, at its sole discretion, reissue a request for applications to seek additional applications for Eligible Mitigation Actions.

As a condition of receipt of an award, an applicant agrees to expend funds within 24 months of execution of the funding agreement. However, the Department will review requests to extend this time frame on a case-by-case basis. For example, the Department may grant an extension due to delays in the ability of a vendor to deliver replacement buses that were ordered in a timely manner following receipt of the award.

The Department will determine whether funding will be strictly on a reimbursement basis or otherwise as a part of the application review and award process.

Funding is strictly prohibited for expenses incurred prior to the award and execution of the funding agreement.

Pursuant to the Finalized Trust Agreement, South Carolina must submit requests for Eligible Mitigation Action funding by filing with the Trustee a Beneficiary Eligible Mitigation Action Certification form (Appendix D-4), containing each of the certifications required by subparagraphs 5.2.1 through 5.2.13 of the Trust Agreement, as applicable. Each request for Eligible Mitigation Action funding must be submitted to the Trustee in electronic and hard-copy format. Pursuant to subparagraph 5.2.16, the Trustee has 60 days following receipt of a funding request to transmit a written determination either: (i) approving the request; (ii) denying the request; (iii) requesting modifications to the request; or (iv) requesting further information. Following approval of a funding request, the Trustee will begin disbursing funds within 15 days. All funding awards are conditioned upon receipt of approval from the Trustee.

Replacement Procedure and Scrappage Requirements

Eligible Buses must be scrapped. Further, scrappage of an identical number of buses is required.

According to the Trust Agreement, “scrapped” shall mean to render inoperable and available for recycle, and, at a minimum, to specifically cut a 3-inch hole in the engine block for all engines. As this funding is limited to applications to replace Eligible Buses, scrapped shall also include the disabling of the chassis by cutting the vehicle’s frame rails completely in half. Scrappage must occur within 90 days of receipt of the replacement bus.

South Carolina seeks to fund the replacement of Eligible Buses with buses of a similar weight class; however, an applicant may seek to replace an Eligible Bus with a bus of a different weight class provided they supply a quantitative and qualitative justification outlining the appropriateness of such a replacement. An award for such replacement is at the sole discretion of the South Carolina Department of Insurance, provided it complies with all relevant provisions of the state’s Beneficiary Mitigation Plan and the Environmental Mitigation Trust.

Eligible Buses may be replaced with any new diesel or Alternate Fueled⁷ or All-Electric⁸ vehicle, with the engine model year in which the Eligible Bus Mitigation Action occurs or one engine model year prior.

Eligible Buses to be replaced must be diesel powered. Replacement buses must be purchased new from the original equipment manufacturer or OEM-authorized dealer. If such replacement is to be Alternate Fueled or All-Electric, it shall be fully equipped by the manufacturer or by a third party at the direction of the manufacturer to operate on an alternative fuel or electricity prior to the initial purchase and registration of the vehicle.

Replacement buses must be registered in South Carolina. Applicant agrees to comply with all relevant safety laws and procurement laws.

Eligible Costs

Pursuant to the Finalized Trust Agreement, South Carolina may utilize EMT funds to cover up to 100% of the costs of selected, eligible projects to replace Government Owned Eligible Buses and Privately-Owned School Buses Under Contract w/ a Public School District with a new diesel, Alternate Fueled (e.g., CNG, propane, Hybrid), or All-Electric vehicle. In the case of an All-Electric vehicle, South Carolina may also cover up to 100% of the costs of associated

⁷ According to the Trust Agreement, “Alternate Fueled” shall mean an engine, or a vehicle or piece of equipment that is powered by an engine, which uses a fuel different from or in addition to gasoline fuel or diesel fuel (e.g., CNG, propane, diesel-electric Hybrid). Please note that buses powered solely by gasoline are not eligible as a replacement bus type.

⁸ According to the Trust Agreement, “All-Electric” shall mean powered exclusively by electricity provided by a battery, fuel cell, or the grid.

charging infrastructure. South Carolina will consider costs directly associated with the procurement (e.g., sales taxes) to be eligible for funding.

Actual funding limits will be determined following the review of all applications for funding and announced as a part of the award process.

South Carolina will not pay for the following:

1. Costs of scrapping the Eligible Bus(es) to be replaced; however, the funding recipient may allocate any funds received due to scrapping to pay for costs not covered under this funding award.
2. Administrative expenses associated with the funding recipient's implementation of this replacement project, including those related to reporting obligations.
3. Add-on technologies, such as diesel reduction technologies, that are not integral to the operation of the replacement bus(es).

Funding from the VW Settlement, if/when combined with other funding sources (e.g., private partners, federal funds), must not exceed the costs of equipment, related infrastructure, add-on technologies, and administrative expenses.

II. REPORTING AND AUDIT REQUIREMENTS

Regular Progress Reports Required Under Trust Agreement

Subparagraph 5.3 of the Trust Agreement outlines South Carolina's reporting obligations under the EMT. Reports are due as follows:

- First report is due six (6) months following first disbursement of Trust Assets; and
- Semi-annual reports are due thereafter by:
 - January 30th (for prior 7/1 – 12/31 period); and
 - July 30th (for prior 1/1 – 6/30 period).

Reports to the Trustee must describe the progress implementing each Eligible Mitigation Action during the six-month period leading up to the reporting date (including a summary of all costs expended on the Eligible Mitigation Action through the reporting date). Such reports shall include a complete description of the status (including actual or projected termination date), development, implementation, and any modification of each approved Eligible Mitigation Action.

In order to ensure compliance with these reporting obligations, an award recipient, as a condition of receipt of funds, agrees to submit reports containing sufficient detail to comply with these reporting requirements no later than the following dates:

- First report is due five (5) months following first disbursement of Trust Assets; and
- Semi-annual reports are due thereafter by:
 - January 10th (for prior 7/1 – 12/31 period); and
 - July 10th (for prior 1/1 – 6/30 period).

Reports must contain the following certifying statement: “These reports shall be signed by an official with the authority to submit the report and must contain an attestation that the information is true and correct and that the submission is made under penalty of perjury.”

These reports will be submitted until such time as the project is completed and written notice is provided by the SCDOI that further reports are no longer required. A final report with aggregated data will be required to provide a comprehensive overview of the funding received, its use, and the calculated environmental and public health benefits, including the reduction in NO_x emissions.

Audits and Access to Records of Funding Recipient

As a condition of receipt of funds, an applicant agrees to provide the SCDOI with access to all records related to an Eligible Mitigation Action. The SCDOI may audit or otherwise monitor a funding recipient’s financial transactions and records in order to ensure compliance with the terms of this funding program.

III. PUBLIC AVAILABILITY OF DOCUMENTS

South Carolina’s Records

As noted in the state’s BMP, South Carolina is committed to an implementation process that is open and transparent. Accordingly, all applications for funding will be made publicly available on the VW website at vwsettlement.sc.gov. Further, all documentation and records submitted by South Carolina in support of a funding request, including documentation and records supporting expenditures, will be posted on this website. For more information on public access to documents related to the EMT, please refer to Section VII of the state’s Beneficiary Mitigation Plan.

National Trustee’s Records

In addition to the SCDOI making the above-referenced information publicly available, the National Trustee has established a website, <https://www.vwenvironmentalmitigationtrust.com>, where the Trustee will post each funding request.

Treatment of Confidential Information

The South Carolina Department of Insurance will maintain the confidentiality of certain items that are exempt from the South Carolina Freedom of Information Act, SC Code §30-4-10 et seq. An applicant or funding recipient is required to identify any item that they believe to be exempt from FOIA as a part of their application for funding or submission of documentation relating to a funding award. The SCDOI will review any requests for redaction to determine whether such information should be withheld from public disclosure

pursuant to FOIA. The publication of records relating to the VW EMT will also be governed by the Family Privacy Protection Act, SC Code §30-2-10 et seq. Pursuant to the Act, the SCDOI will redact personal information, which includes bank account numbers.

Record Retention

The Finalized Trust Agreement requires that South Carolina maintain and make publicly available all documentation and records discussed in this section until the Termination Date of the Trust pursuant to Paragraph 6.8 of the Trust Agreement.

IV. OTHER CONSIDERATIONS

The SCDOI, at its sole discretion, will determine the funding recipients under this request for applications. The SCDOI may award no more than \$10 million to applicants in response to this request. An applicant selected for funding will be notified of the award amount, which may not be the full amount requested in their application. The SCDOI reserves the right to cancel an award at any time following written notice to the funding recipient. Reasons for such cancellation include, but are not limited to, the following:

1. Poor performance, such as failure to demonstrate progress on the replacement program within a reasonable amount of time to ensure completion within the time frame specified in this request for applications;
2. Failure to submit required reports, certifications, or funding requests; and
3. Failure to abide by the terms of this request for applications or any related agreements or instructions provided by the SCDOI relating to the funding.

V. APPLICATION REQUIREMENTS

All applicants must complete all portions of the Application Template, which is available [here](#), including submission of all required supporting documentation. Supporting documentation includes, but is not limited to, the [Application Template – Bus Details](#) Excel file. A funding agreement between the applicant and the South Carolina Department of Insurance is required to receive funds from the VW EMT. This funding agreement must be executed within 30 days of receipt of a funding award notice.

VI. CONTACT INFORMATION

All communications relating to this request for applications must be submitted in writing via email to ywsettlement@doi.sc.gov or via mail or hand delivery to:

South Carolina Department of Insurance
Attn: Kendall Buchanan
1201 Main Street, Suite 1000
Columbia, South Carolina 29201