

2010-11 GRANT PROPOSAL SOLICITATION

Air Quality Improvement Program (AQIP)

Hybrid Truck and Bus Voucher Incentive Project

Mobile Source Control Division
California Air Resources Board
October 21, 2010



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APPLICATION **Appendix A**

**DRAFT IMPLEMENTATION MANUAL FOR THE
HYBRID TRUCK AND BUS VOUCHER INCENTIVE PROJECT** **Appendix B**

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SUMMARY

The California Air Resources Board (ARB) is soliciting a Grantee for the \$19 million¹ fiscal year (FY) 2010-11 Hybrid Truck and Bus Voucher Incentive Project (HVIP). HVIP will help accelerate the deployment of new hybrid and zero-emission trucks and buses in California by providing vouchers for the purchase of eligible new vehicles. This project benefits the citizens of California by providing immediate air pollution emission reductions and stimulating development and deployment of the next generation of hybrid technologies.

This solicitation is open to individuals, Federal, State, or local government entities or agencies, and organizations with California heavy-duty vehicle, vehicle incentive project, or air quality expertise. Specific requirements of HVIP Grantee are described in this solicitation and in the Draft Implementation Manual found in Appendix B. Applications are due to ARB by November 22, 2010.

BACKGROUND

In 2007, Governor Schwarzenegger signed into law the *California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007* (AB 118, Statutes of 2007, Chapter 750). AB 118 created the Air Quality Improvement Program (AQIP), a voluntary incentive program administered by ARB to fund clean vehicle and equipment projects, air quality research, and/or workforce training. ARB's appropriation for AQIP projects in the FY 2010-11 State Budget is \$40 million¹. Based on projected revenues for the AQIP in FY 2010-11, ARB estimates \$30.5 million will be available for grants.

In June 2010, ARB adopted the AQIP Funding Plan for FY 2010-11 (Funding Plan), which serves as the blueprint for expending FY 2010-11 AQIP funds. The Funding Plan focuses the AQIP on supporting development and deployment of the advanced technologies needed to meet California's longer-term, post 2020 air quality goals, and directs about 60 percent of FY 2010-11 AQIP funds to HVIP.

The purpose of HVIP is to offset about half of the incremental cost of eligible hybrid and zero-emission medium and heavy-duty vehicles. This provides a public benefit by helping commercialize these technologies and support a critical ramp-up in production that is necessary to meeting California's clean air goals. HVIP provides vouchers of up to \$40,000 on a first-come, first served basis for the purchase of an eligible new truck or bus. HVIP will be administered and implemented through a partnership between ARB and a Grantee, selected via a competitive ARB grant solicitation.

¹ In the *AB118 Air Quality Improvement Program Funding Plan for Fiscal Year 2010-11*, the Board approved up to \$25 million for the HVIP based on a \$40 million appropriation for AQIP projects in the proposed State Budget. The Funding Plan included provisions to scale funding targets proportionally based on the final budget allocation and projected revenues in the Air Quality Improvement Fund. Projected revenue for the AQIP in FY 2010-11 is estimated to be \$30.5 million rather than \$40 million, so HVIP project funding has been adjusted to up to \$19 million.

ELIGIBILITY

The ARB is soliciting applications for HVIP. Individuals, Federal, State, or local government entities, or organizations with California heavy-duty vehicle, vehicle incentive project, or air quality expertise are eligible to become the HVIP Grantee via this competitive solicitation. ARB may consider the nature and extent of any potential or apparent conflict of interest in evaluating each application. Hybrid truck or bus manufacturers or dealers are not eligible for this solicitation.

AVAILABLE FUNDING

The total funding available through this solicitation for the HVIP is up to \$19 million, depending on availability of State funds. The AQIP Funding Plan authorizes up to 5 percent of HVIP funds be used for hybrid truck emissions testing or data collection. Because of lower than expected AQIP revenues, this solicitation does not include a vehicle testing or data collection element. ARB will reassess actual AQIP revenues no later than April 30, 2011 and if revenues have increased beyond current projection, ARB may utilize these additional funds for a hybrid truck testing or data collection project. A Grantee to implement this vehicle testing project would be selected via a separate competitive solicitation no later than May 30, 2011. If revenues increase beyond current projections, ARB also reserves the right to increase the HVIP grant amount up to the \$25 million approved in the Funding Plan without resoliciting for a Grantee.

ELIGIBLE PROJECTS/SCOPE OF WORK

The Grantee is responsible for the on-the-ground project implementation of distributing voucher payments for eligible vehicles, including the following tasks:

- Finalize HVIP Implementation Manual in consultation with ARB.
- Conduct the public outreach necessary for the project to be successful. Outreach could include on-site dealer trainings and public question and answer sessions.
- Develop/maintain a user-friendly public webpage to:
 - Identify eligible vehicles and each vehicle's maximum voucher amount
 - Identify dealerships eligible to participate in HVIP
 - Provide voucher request and redemption forms
 - Track total HVIP funds available and expended in real time
 - The web-based voucher request and redemption process should be similar to that of the FY 2009-10 HVIP to ensure a seamless transition for HVIP end users. Applicants should assume they will have access to all FY 2009-10 HVIP intellectual property in developing the FY 2010-11 HVIP, as described in Section 4.4 of the Draft Implementation Manual.
- Work with vehicle manufacturers to create/maintain a list of dealerships authorized to receive HVIP vouchers.
- Use the criteria in the Implementation Manual to review and approve voucher requests.

- Distribute voucher payments to vehicle dealers for eligible vehicle purchases.
- Track reservation and expenditure of HVIP funding.
- Respond to public inquiries regarding HVIP.
- Provide Status Reports to ARB detailing vouchers awarded for ordered vehicles and redeemed for purchased vehicles. The grant agreement with the Grantee may specify an electronic format for reporting.
- Provide ARB with an HVIP Final Report that summarizes and evaluates total fund expenditures (including match and in-kind funds), vehicles funded, outreach efforts, and implementation challenges, and recommends potential project improvements.
- Provide ARB with all webpage(s), software or other intellectual property developed or purchased by the Grantee for the purposes of administering or implementing HVIP (if requested).
- Provide ARB a mechanism for receiving three years of annual reports from vehicle purchasers.
- Meet all applicable requirements of State law, AQIP Guidelines and Funding Plan, this solicitation, HVIP Implementation Manual, and HVIP grant agreement with ARB.

This solicitation is for a Grantee to distribute vouchers and implement the up to \$19 million HVIP approved by ARB as part of the FY 2010-11 AQIP Funding Plan. Should ARB approve additional funds for HVIP in the FY 2011-12 Funding Plan, another solicitation must be held to select the Grantee for these additional HVIP funds. The Grantee selected via this solicitation may apply to implement HVIP in subsequent funding years.

DEFINITIONS

HVIP definitions are included in Section 5 of Implementation Manual.

APPLICATION REQUIREMENTS

Eligible applicants must meet all applicable requirements of State law, AQIP Guidelines and Funding Plan, and this solicitation. To be considered for the grant award, applicants must fully complete the project application and demonstrate that they meet the required solicitation elements. ARB may request clarification regarding application responses during the application review process.

APPLICATION PROCESS

This application packet contains the forms and information necessary for submittal of a complete application. ARB shall select an HVIP Grantee in compliance with AQIP Guidelines and applicable State law. HVIP Grantee selection will be based upon the scoring criteria identified in this solicitation.

If you need this document in an alternate format or language, please contact Grace Garcia at (916) 323-2781 or ggarcia@arb.ca.gov. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Four signed original copies and one CD of the application, including all the required documents must be received at the Air Resources Board headquarters at 1001 I Street, Sacramento, CA 95812.

Applications submitted by U.S. Postal Service mail must be postmarked by November 22, 2010. Items delivered by UPS, Express Mail, Federal Express or another delivery service provider (other than U.S. Postal Service) must be received by the delivery service provider by November 22, 2010 at 5 p.m. (delivery service provider tracking number may be used to verify date of receipt). Applications must be mailed to the following address:

Grace Garcia
Air Resources Board
Mobile Source Control Division
1001 I Street, P.O. Box 2815
Sacramento, CA 95812

Please send an e-mail to Grace Garcia at ggarcia@arb.ca.gov indicating that you have submitted an application once the application has been mailed. Sending this e-mail secures one of the five points provided for Application Completeness and lets ARB staff know that your formal application is on the way. ARB will send a confirmation e-mail to the applicant once the hard-copy of the application has been received.

No applications may be submitted by fax or email.

Format Requirements

ARB strongly encourages applications to be accurate, brief and clear. Applications will be initially screened for completeness. Applications must include all the required elements identified in Appendix A.

Solicitation Timelines

Public Release of Solicitation	October 21, 2010
Solicitation Bidder Conference	November 4, 2010
Application Deadline	November 22, 2010 5:00 PM
Review/Rating of Applications	November 23 – December 8, 2010
Grantee Selected	December 9, 2010

Timelines are subject to change at ARB's sole discretion.

EVALUATION AND SCORING

ARB will evaluate each application based on the 7 criteria Identified in Table 1 (below). The maximum possible application score is 100 points.

Table 1: Grantee Evaluation Scoring Criteria

Evaluation Criteria	Maximum Possible Score
1) Expertise/Experience to Successfully Implement the Project	25
2) Project Budget	20
3) Project Implementation Plan	20
4) Resources to Implement the Project	15
5) Application Completeness	10
6) Ability to Promote Use of Hybrid Vehicle Technology	5
7) Contribution to Regional Air Quality Improvements	5
TOTAL	100

The qualified applicant with the highest overall score will be selected as Grantee. The selected applicant will be required to sign a grant agreement with ARB to fulfill the duties of Grantee (See Appendix C for a Sample Grant Agreement). ARB will enter into a grant agreement once revenues approved in the FY 2010-11 Funding Plan are available. ARB reserves the right to resolicit for an HVIP Grantee or to direct HVIP funding to another project in the Funding Plan.

1. Expertise/experience to Successfully Implement the Project (maximum 25 points)

Up to 25 points will be provided based upon the applicant's ability to successfully act as Grantee based upon its experience/expertise in and history of successfully working with hybrid and zero-emission truck and bus manufacturers, dealers, fleets, and other stakeholders and implementing projects similar to HVIP, as well as the Grantees ability to build upon the existing successful HVIP in a way which is user-friendly and seamless for hybrid vehicle manufacturers, dealers, and fleets.

Application Characteristics	Points Earned
Applicant lacks necessary experience or expertise successfully implementing large scale air quality incentive projects or programs and working with hybrid and zero-emission truck and bus manufacturers, dealers, fleets, and other key project stakeholders.	0 – 5 points
Applicant has demonstrated moderate expertise and experience needed to successfully implement the HVIP, based on its history implementing large scale air quality incentive projects or programs and working with hybrid and zero-emission truck and bus manufacturers, dealers, fleets, and other key project stakeholders.	6 – 15 points
Applicant clearly has the expertise and experience needed to successfully implement HVIP, based on its history implementing large scale air quality incentive projects or programs and working with hybrid and zero-emission truck and bus manufacturers, dealers, fleets, and other key project stakeholders.	16 – 25 points

2. Project Budget (maximum 20 points)

Applicants must identify their proposed budget for completing the tasks of HVIP Grantee, consistent with the Draft Implementation Manual, their Project Implementation Plan (included as part of the application) and the requirements of this solicitation. The budget must include the total HVIP administrative funds requested and describe any applicable commitments for in-kind services and match funding.

In-kind services refer to goods or services contributed by the Grantee but not charged to HVIP which help to more effectively and efficiently meet the goals of the project. Match funding refers to funds contributed by the Grantee to HVIP to fund eligible HVIP vehicles. An applicant may propose that match funding be used to fund vehicles as part of HVIP in a specific California region only (such as an air basin). Match funding does not include in-kind match. See Appendix A, Attachment 2-A for a sample budget.

Application Characteristics	Points Earned
<p>Budget is unclear, inconsistent with the Draft Implementation Manual, the applicant's Project Implementation Plan, and the requirements of this solicitation, or is insufficient to successfully complete the project. No or limited match funding or no or limited in-kind support is committed and the applicant is requesting the maximum allowable funding for HVIP administration and outreach.</p>	<p>0 – 7 points</p>
<p>Budget is relatively clear, detailed, consistent with the Draft Implementation Manual, the applicant's Project Implementation Plan, and the requirements of this solicitation, and is adequate to complete the project. Costs are represented clearly. Applicant commits to provide match funding or forgo HVIP administration and outreach funding (in match or potential administration and outreach funding) to be used for eligible vehicles. The applicant's commitment for in-kind support will enable the project to be marginally more effective and efficient.</p>	<p>8 - 15 points</p>
<p>Budget is very clear, detailed, consistent with the Draft Implementation Manual, the applicant's Project Implementation Plan, and the requirements of this solicitation, and is adequate to complete the project. Costs are represented clearly, and are appropriate for the level and quality of work to be performed. Applicant commits to provide match funding or forgo HVIP administration and outreach funding, providing a total of over \$1,000,000 (in match or potential administration and outreach funding) to be used for eligible vehicles. The applicant's commitment for in-kind support will enable the project to be significantly more effective and efficient.</p>	<p>16 - 20 points</p>

3. Project Implementation Plan (maximum 20 points)

Applicants will be evaluated based on the completeness of their plan for implementing HVIP, and the ability to complete the work in a timely manner.

Application Characteristics	Points Earned
Plan is unclear and/or does not provide the highest impact for the funding provided.	0 – 7 points
Plan is complete, provides sound recommendations for effective and efficient project development, implementation, and administration, and considers the budget.	8 – 15 points
Plan is sound and well organized, tailors recommendations creatively and appropriately to successfully implement HVIP, provides recommendations for effective and efficient project development, implementation, and administration, and recommends high-impact, creative activities that maximize the budget (such as mechanisms to encourage participation by vehicle rental firms). Plan also includes a firm commitment or detailed and viable plan to successfully leverage other public or private funding (such as federal or air district funds) to help expand the scope of HVIP in California.	16 – 20 points

4. Resources to Implement the Project (maximum 15 points)

Scoring will be based upon the applicant’s ability to successfully act as Grantee based upon their demonstrable staffing, infrastructure, funding, and other available resources.

Application Characteristics	Points Earned
The applicant has not demonstrated sufficient resources to successfully implement the project.	0 points
The applicant has demonstrated the minimum resources needed to implement the project.	1 – 7 points
The applicant has clearly demonstrated sufficient staff, expertise, infrastructure and/or funding resources to successfully implement the project.	8 – 15 points

5. Application Completeness (maximum 10 points)

Application Characteristics	Points Earned
The application is unclear or is missing key information.	0 – 5 points
The application is clear, concise, and includes all the required information.	6 – 10 points

6. Ability to Promote Use of Hybrid Vehicle Technology (maximum 5 points)

Application Characteristics	Points Earned
The applicant has a clear and effective plan for public outreach (as identified in the Project Implementation Plan) to key stakeholders such as dealers, public fleets, small fleets, school districts, and/or vehicle rental firms.	0 – 5 points

7. Contribution to Regional Air Quality Improvements (maximum 5 points)

Application Characteristics	Points Earned
The applicant has a plan for and the ability to target outreach in areas which are classified or proposed by ARB to be classified as extreme non-attainment of the federal eight hour ozone standard (i.e. the South Coast and San Joaquin Valley Air Basins).	0 – 5 points

MONITORING AND REPORTING REQUIREMENTS

The selected Grantee must submit Status Reports to ARB at least every three months containing at a minimum the following information:

- Number of voucher request forms received
- Number of vouchers and funding amount awarded broken out by gross vehicle weight reduction, vehicle type, and California air basin
- Remaining grant funding available
- Identified problems or concerns

DISBURSEMENT OF FUNDS

ARB is required to expend 100 percent of the funds available through this solicitation prior to June 30, 2013. ARB will provide the Grantee with funding for vehicle vouchers and project administration. The Grantee will receive 10 percent of total HVIP funding from ARB as seed money at project start-up in order to turn around voucher redemptions from dealers within 1 to 2 weeks. This seed funding includes up to 50 percent of the total allowable HVIP administration funding (see below), with the remainder to be used to redeem vehicle vouchers (see below).

Vehicle Voucher Funding

The Grantee will receive up to \$18.05 million to distribute as vouchers for eligible vehicles. After the initial distribution of HVIP funds for project start-up, ARB will provide adequate additional funds to the Grantee on a set schedule as needed to quickly and efficiently redeem vouchers. The voucher assignment at the time a vehicle is ordered will serve as the justification for the Grantee to request additional funds from ARB. Adequate additional funds will be provided to the Grantee on a set schedule as needed to quickly and efficiently redeem vouchers. The voucher assignment to vehicle purchasers will serve as the justification for the Grantee to request additional funds from ARB.

Project Administration Funding

ARB will reimburse the Grantee for up to five percent of total HVIP funding or the amount committed in the Grantee's HVIP funding application, whichever is less, for project administration and outreach. The Grantee shall receive funding for project administration for the HVIP on the following schedule:

- 50 percent of project administration funds at the time the Grant Agreement is signed for outreach, dealer training, and other project start-up costs.
- 20 percent of administration funding after one-third of voucher funding committed via vouchers issued, and the complete and accurate Status Reports demonstrating fund expenditure for these vehicles have been supplied to ARB.
- 20 percent of administration funding after all of voucher funding committed via vouchers issued and two-thirds vehicle funding is expended and complete and accurate Status Reports demonstrating fund expenditure for these vehicles have been supplied to ARB.
- 10 percent of administration funding after ARB has received and approved the Grantee's mechanism for receiving vehicle annual activity reports, ARB has received all intellectual property and data needed to ensure continued smooth implementation of HVIP, the Grantee provides documentation describing expenditure of all match funding and in-kind services committed to in the project application and ARB has received a Final Report documenting vehicles paid for by the project and fulfillment of all project commitments.

With the exception of the initial 50 percent of administrative funding provided for project start-up, all administrative funding provided to the Project Manager shall be on a reimbursement basis and requires administrative cost summaries approved by ARB for completed tasks and/or eligible expenses. The Grantee must provide invoices for the first 50 percent of administration funding before additional administration funding will be provided.

Administrative cost summaries shall describe costs for work completed in the following categories: 1) labor expenses (including staff time and total labor costs); 2) external consultant fees for completed work (if applicable); 3) printing, mailing, travel, and other outreach expenses; and 4) indirect costs. Additional administrative cost categories may

be provided to ARB if warranted. Documentation substantiating these costs must be maintained by the Grantee and provided to ARB upon request, as described in Section 4.6 of HVIP Implementation Manual. Additional information regarding disbursement of administration and vehicle voucher funding is provided in HVIP Implementation Manual (See Section 4.2).

APPLICANT WORKSHOP

ARB will hold an applicant workshop and conference call at which time staff will be available to answer questions potential applicants may have regarding eligibility, application completion, and other issues. The Applicant Workshop and conference call will be at:

Place: CalEPA Building, CR 2410
1001 I Street
Sacramento, CA 95812

Call-in Information:	Tel: 800-857-5004
	Passcode: 14357
Date:	November 4, 2010
Time:	10:00 AM – 12:00 PM

The workshop will be open to all interested entities. The above call-in phone number has been provided for those unavailable to attend in person. The intent of the workshop is to provide potential project applicants with an opportunity to ask clarifying questions regarding general application or applicant requirements or terminology definitions. Written questions submitted before the workshop will be given priority. Questions may be e-mailed to Mr. Joe Calavita at jcalavit@arb.ca.gov. Questions may be submitted up to 5 p.m. one day prior to the workshop. The questions and answers from the workshop and any questions received via e-mail by 5 p.m. on November 3, 2010 will be posted on the ARB website no later than 5 p.m. on November 10, 2010. ARB will not answer questions regarding this solicitation after the applicant workshop. Any verbal communication with an ARB employee concerning this solicitation is not binding on the State and shall in no way alter a specification, term or condition of the solicitation.

REQUIRED ELEMENTS

The application for the HVIP Grantee is included in Appendix A of this solicitation, and includes the following required attachments:

- Appendix A: AQIP Application
 - Attachment 1: Applicant Qualifications
 - Attachment 2: Proposed Budget
 - Attachment 3: Project Implementation Plan
 - Attachment 4: Applicant Resources to Implement the Project
 - Attachment 5: Conflict of Interest Declaration