

2011-12 GRANT PROPOSAL SOLICITATION

Air Quality Improvement Program (AQIP)

Hybrid Truck and Bus Voucher Incentive Project

Mobile Source Control Division
California Air Resources Board
November 23, 2011



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SUMMARY

The California Air Resources Board (ARB) is soliciting a Grantee for the \$11 million¹ fiscal year (FY) 2011-12 Hybrid Truck and Bus Voucher Incentive Project (HVIP). The 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 the HVIP Grantee are described in this solicitation and in the Draft Implementation Manual found in Appendix B. Applications are due to ARB by January 16, 2012.

BACKGROUND

The *California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007* (AB 118, Statutes of 2007, Chapter 750), created ARB's Air Quality Improvement Program (AQIP), a voluntary incentive program to fund clean vehicle and equipment projects, air quality research, and workforce training. ARB's appropriation for AQIP projects in the FY 2011-12 State Budget is \$40 million¹. Based on projected revenues for the AQIP in FY 2011-12, ARB estimates \$28 million will be available for grants.

In July 2011, ARB adopted the AQIP Funding Plan for FY 2011-12 (Funding Plan), which serves as the blueprint for expending FY 2011-12 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 40 percent of FY 2010-11 AQIP funds to the HVIP.

The purpose of the HVIP is to offset some 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. The 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. The 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 2011-12*, the Board approved up to \$16 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 2011-12 is estimated to be approximately \$28 million rather than \$40 million, so HVIP project funding has been adjusted to up to \$11 million.

ELIGIBILITY

The ARB is soliciting applications for the 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 \$11 million, depending on availability of State funds. If revenues increase beyond current projections, ARB also reserves the right to increase the HVIP grant amount up to the \$16 million approved in the Funding Plan without resoliciting for a Grantee. Ninety-one and one-half percent of HVIP funds are for the purchase of new eligible vehicles. The Grantee may use no more than eight and one-half percent of HVIP funds for outreach and to administer the program.

In addition, funds may become available through the Energy Commission's Alternative and Renewable Fuel and Vehicle Technology Program for funding additional vehicles or increasing vehicle voucher amounts. In the event the Energy Commission provides funding for the HVIP through an interagency agreement with ARB, these funds will be administered under this solicitation. By signing the AQIP Application in Appendix A, the applicant agrees to administer these additional funds as part of the HVIP. As with ARB funds, up to 8.5 percent of the Energy Commission's funds could be used for project administration and outreach.

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 the 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.
- Support ARB staff evaluation of bucket truck with zero-emission power take-off (PTO) technology to facilitate its inclusion in the HVIP as a new eligible project category, as appropriate.
- Develop/maintain a user-friendly public webpage to:
 - Identify eligible vehicles and each vehicle's maximum voucher amount.
 - Identify dealerships eligible to participate in the 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 2010-11 HVIP to ensure a seamless transition for HVIP end users. Applicants should assume they will have access to all FY 2010-11 HVIP intellectual property in developing the FY 2011-12 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 the HVIP.
- Provide Status Reports to the 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 a 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 the HVIP (if requested).
- Provide ARB a mechanism for receiving three years of annual reports from vehicle purchasers.
- Meet all applicable requirements of State law, the AQIP Guidelines and Funding Plan, this solicitation, the HVIP Implementation Manual, and the HVIP grant agreement with ARB.

This solicitation is for a Grantee to distribute vouchers and implement the up to \$11 million HVIP approved by ARB as part of the FY 2011-12 AQIP Funding Plan. Should ARB approve additional funds for the HVIP in the FY 2012-13 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 the 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, the 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 the AQIP Guidelines and applicable State law. The 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 January 16, 2012. 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 January 16, 2012 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

The 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	November 23, 2011
Solicitation Bidder Conference	December 15, 2011
Application Deadline	January 16, 2012 5:00 PM
Review/Rating of Applications	January 17 – January 29, 2012
Grantee Selected	January 30, 2012

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

EVALUATION AND SCORING

The ARB will evaluate each application based on the seven criteria identified in Table 1. 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 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 the HVIP, as well as the Grantee’s 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 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.	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 the HVIP which help to more effectively and efficiently meet the goals of the project. Match funding refers to funds contributed by the Grantee to the HVIP to fund eligible HVIP vehicles. An applicant may propose that match funding be used to fund vehicles as part of the 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
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.	0 – 7 points
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.	8 - 15 points
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.	16 - 20 points

3. Project Implementation Plan (maximum 20 points)

Applicants will be evaluated based on the completeness of their plan for implementing the 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 the HVIP, provides recommendations for effective and efficient project development, implementation, and administration, and recommends high-impact, creative activities that maximize the budget, and effective recommendations to increase voucher demand and increase participation by public fleets. 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 accelerate deployment of HVIP vehicles.	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 8-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 GVWR, 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, 2014. ARB will provide the Grantee with funding for vehicle vouchers and project administration. The Grantee will receive ten percent of total HVIP funding from ARB as seed money at project start-up in order to turn around voucher redemptions from dealers within one to two weeks. This seed funding includes up to fifty percent of the total allowable HVIP administration funding, with the remainder to be used to redeem vehicle vouchers.

Vehicle Voucher Funding

The Grantee will receive at least \$10.065 million to distribute as vouchers for eligible vehicles, and no more than \$935,000 for project administration and outreach. 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.

By statute, project funds appropriated in FY 2011-12 must be expended by June 30, 2014. The ARB Executive Officer reserves the right to terminate or reduce the dollar amount of the project grant if:

- by June 30, 2013, at least 50 percent of FY 2011-12 HVIP vehicle voucher funding (\$11 million minus Grantee allocation for outreach and administration) has not been reserved in the form of vouchers issued by the Grantee for specific vehicle orders, pursuant to Section 2.4 of the HVIP Implementation Manual. Should this occur, ARB commits to redeeming all vouchers issued by the Grantee as of June 30, 2013 or the date when ARB informs the Grantee in writing of ARB's intention to terminate or reduce the amount of the project grant, whichever is later.
- by January 1, 2014, at least 50 percent of FY 2011-12 vehicle voucher funding has not been expended on eligible vehicles by the Grantee.

Should either of these scenarios occur, ARB may redistribute FY 2011-12 HVIP funds not provided to the Grantee to other eligible AQIP project categories. ARB will evaluate demand for funding in other AQIP project categories and direct the funds where there is the greatest need.

Project Administration Funding

The Grantee may use up to \$935,000 for project administration and outreach (costs associated with the overhead of promoting, issuing, and redeeming rebates). The Grantee shall receive ARB HVIP funding for project overhead 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.
- Five percent of administration funding after completion of dealer trainings, finalization of the HVIP Implementation Manual, and the HVIP website is fully functional.
- Five percent of administration funding after 25 percent of voucher funding is committed via vouchers issued.
- Five percent of administration funding after 50 percent of voucher funding is committed via vouchers issued.
- Five percent of administration funding after 75 percent of voucher funding is committed via vouchers issued.
- Five percent of administration funding after all voucher funding is committed via vouchers issued.

- Five percent of administration funding after 25 percent of voucher funding has been expended on vehicles purchased.
- Five percent of administration funding after 50 percent of voucher funding has been expended on vehicles purchased.
- Five percent of administration funding after 75 percent of voucher funding has been expended on vehicles purchased.
- Final ten percent (100 percent cumulative) 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 the HVIP (if requested, see Sections 4.4 and 4.5, below), 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 program and fulfillment of all project commitments.

The ARB will have the sole discretion to accelerate the timeline for allowable disbursements of administration funds identified above (with the exception of the final project administration disbursement) necessary to assure the goals of the project are met. With the exception of the initial 50 percent of administrative funding provided for project start-up, all administrative funding provided to the Grantee 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 cost summaries for the first 50 percent of administration funding before additional administration funding will be provided. The milestones needed for disbursements of the five percent increments of administration funding described above need not be sequential. For example, the Grantee may receive five percent of total administration funding when the milestone of expending 25, 50 and 75 percent of vehicle funding, even if all voucher funding has not yet been committed via vouchers issued.

Administrative cost summaries used to justify an additional increment of administration funding from ARB must describe costs for work completed in the following categories: 1) labor expenses (including total staff time and 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 category summaries 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 Sections 4.6 of the Draft Implementation Manual.

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: 888-972-9684
Passcode: 34617
Date: December 15, 2011
Time: 10:00 AM – 11:30 AM

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 December 14, 2011 will be posted on the ARB website no later than 5 p.m. on December 22, 2011. 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