

**South Dakota
DERA 2017/2018
SD-C10-001A
APPENDIX D-4
Beneficiary Eligible Mitigation Action Certification**

BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

Beneficiary _____

Lead Agency Authorized to Act on Behalf of the Beneficiary _____
(Any authorized person with delegation of such authority to direct the Trustee delivered to the Trustee pursuant to a Delegation of Authority and Certificate of Incumbency)

Action Title:	
Beneficiary's Project ID:	
Funding Request No.	<i>(sequential)</i>
Request Type: (select one or more)	<input type="checkbox"/> Reimbursement <input type="checkbox"/> Advance <input type="checkbox"/> Other (specify): _____
Payment to be made to: (select one or more)	<input type="checkbox"/> Beneficiary <input type="checkbox"/> Other (specify): _____
Funding Request & Direction (Attachment A)	<input type="checkbox"/> Attached to this Certification <input type="checkbox"/> To be Provided Separately

SUMMARY

Eligible Mitigation Action	<input type="checkbox"/> Appendix D-2 item (specify): _____
Action Type	<input type="checkbox"/> Item 10 - DERA Option (5.2.12) (specify and attach DERA Proposal): _____
Explanation of how funding request fits into Beneficiary's Mitigation Plan BM (5.2.1):	
Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2):	
Estimate of Anticipated NOx Reductions (5.2.3):	
Identification of Governmental Entity Responsible for Reviewing and Auditing Expenditures of Eligible Mitigation Action Funds to Ensure Compliance with Applicable Law (5.2.7.1):	
Describe how the Beneficiary will make documentation publicly available (5.2.7.2).	
Describe any cost share requirement to be placed on each NOx source proposed to be mitigated (5.2.8).	
Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S. Government Agencies (5.2.9).	

If applicable, describe how the mitigation action will mitigate the impacts of NOx emissions on communities that have historically borne a disproportionate share of the adverse impacts of such emissions (5.2.10).

ATTACHMENTS
(CHECK BOX IF ATTACHED)

- Attachment A Funding Request and Direction.
- Attachment B Eligible Mitigation Action Management Plan Including Detailed Budget and Implementation and Expenditures Timeline (5.2.4).
- Attachment C Detailed Plan for Reporting on Eligible Mitigation Action Implementation (5.2.11).
- Attachment D Detailed cost estimates from selected or potential vendors for each proposed expenditure exceeding \$25,000 (5.2.6). [Attach only if project involves vendor expenditures exceeding \$25,000.]
- Attachment E DERA Option (5.2.12). [Attach only if using DERA option.]
- Attachment F Attachment specifying amount of requested funding to be debited against each beneficiary's allocation (5.2.13). [Attach only if this is a joint application involving multiple beneficiaries.]

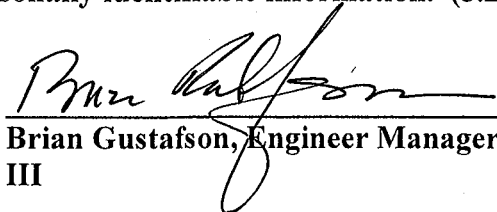
CERTIFICATIONS

By submitting this application, the Lead Agency makes the following certifications:

1. This application is submitted on behalf of Beneficiary _____, and the person executing this certification has authority to make this certification on behalf of the Lead Agency and Beneficiary, pursuant to the Certification for Beneficiary Status filed with the Court.
2. Beneficiary requests and directs that the Trustee make the payments described in this application and Attachment A to this Form.
3. This application contains all information and certifications required by Paragraph 5.2 of the Trust Agreement, and the Trustee may rely on this application, Attachment A, and related certifications in making disbursements of trust funds for the aforementioned Project ID.
4. Any vendors were or will be selected in accordance with a jurisdiction's public contracting law as applicable. (5.2.5)
5. Beneficiary will maintain and make publicly available all documentation submitted in

support of this funding request and all records supporting all expenditures of eligible mitigation action funds subject to applicable laws governing the publication of confidential business information and personally identifiable information. (5.2.7.2)

DATED: 4/15/19



Brian Gustafson, Engineer Manager III
III

SD DENR

[LEAD AGENCY]

for
State of South Dakota

[BENEFICIARY]

ATTACHMENT B - PROJECT MANAGEMENT PLAN

TIMELINE

Date	Activity
November 5, 2018	Call for Round Eleven Projects Opens
December 14, 2018	Call for Round Eleven Projects Initial Deadline
December 17, 2018 - January 11, 2019	Evaluate & Select Initial Round Eleven Projects
January 14, 2019	Round Eleven Initial 11 Projects Posted. Email rebate agreements to 11 highest ranking applicants.
Week of March 18, 2019	Round Eleven Next 19 Projects Posted. Email rebate agreements to the remaining 19 applicants meeting initial deadline.
Week of March 18, 2019	Reopened Round Eleven for additional project applications
April 5, 2019	Deadline to submit additional applications.
Week of April 8, 2019	Announce Round Eleven Additional Projects. Email rebate agreements to the recipients.
January 2019 - April 2019	All recipients will order buses and email DENR copies of purchase orders.
September 2019	Deadline for all invoices and paperwork to be submitted to DENR for Round Eleven

PROJECTED VW TRUST ALLOCATIONS

SD's VW Trust Allocation	\$8,125,000
Current Allocation of Trust for Category 10 DERA Projects (25%)	\$2,031,250
Anticipated Category 10 Trust Funds Used for 2017/2018 DERA Project	\$497,947
Anticipated VW Administrative Funds Used for 2017/2018 DERA Project *	\$49,795
Funds used for previous Category 10 DERA Projects	\$0
Remaining Trust Funds Allocated for Category 10 DERA Projects	\$1,533,303

* Subject to 10% administrative cap in Beneficiary Mitigation Plan.

PROJECT BUDGET OVERVIEW

	Federal FY 2017	Federal FY 2018
EPA Base Allocation	Already Used	\$274,146
State Matching Funds (VW category 10 Trust Funds)	\$223,801	\$274,146
EPA Match Incentive (50% of Base)	\$111,901	\$137,073
VW Administrative *	\$22,380	\$27,415
Mandatory Cost-Share of Buses	65-75% of buses	65-75% of buses

* Subject to 10% administrative cap in Beneficiary Mitigation Plan.

ITEMIZED PROJECT BUDGET

Budget Category	Federal FY 2017			Federal FY 2018		
	EPA Allocation	State VW Match (category 10)	VW Administration	EPA Allocation	State VW Match (category 10)	VW Administration
1. Buses	\$100,711	\$223,801	\$0	\$370,097	\$274,146	\$0
2. Administration	\$11,190	\$0	\$22,380	\$41,122	\$0	\$27,425
SD-C10-001A TOTAL	\$111,901	\$223,801	\$22,380	\$411,219	\$274,146	\$27,425

ATTACHMENT C – PLAN FOR REPORTING

Beneficiary Reporting Obligations: For each Eligible Mitigation Action, no later than six months after receiving its first disbursement of Trust Assets, and thereafter no later than January 30 (for the preceding six-month period of July 1 to December 31) and July 30 (for the preceding six-month period of January 1 to June 30) of each year, each Beneficiary shall submit to the Trustee a semiannual report describing 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. Beneficiaries may group multiple Eligible Mitigation Actions and multiple sub-beneficiaries into a single report. These reports shall be signed by an official with the authority to submit the report for the Beneficiary and must contain an attestation that the information is true and correct and that the submission is made under penalty of perjury. To the extent a Beneficiary avails itself of the DERA Option described in Appendix D-2, that Beneficiary may submit its DERA Quarterly Programmatic Reports in satisfaction of its obligations under this Paragraph as to those Eligible Mitigation Actions funded through the DERA Option. The Trustee shall post each semiannual report on the State Trust's public-facing website upon receipt at <https://www.vwenvironmentalmitigationtrust.com/state-trust/south-dakota>.

ATTACHMENT D – DETAILED COST ESTIMATES

Round 11

Recipient	Quote	%	Max Award
Beresford School District	\$91,470.00	25%	\$22,867.50
Gayville-Volin School District	\$83,702.00	25%	\$20,925.50
Oldham-Ramona School District	\$92,720.00	25%	\$23,180.00
West Central School District	\$95,005.00	25%	\$23,751.25
Arlington School District	\$81,550.00	25%	\$20,387.50
Baltic School District	\$86,677.00	25%	\$21,669.25
Wessington Springs School District	\$85,050.00	25%	\$21,262.50
Beresford School District	\$91,470.00	25%	\$22,867.50
Watertown School District	\$85,578.00	25%	\$21,394.50
Howard School District	\$86,897.00	25%	\$21,724.25
Yankton School District	\$80,533.00	25%	\$20,133.25
Elkton School District	\$91,371.80	35%	\$31,980.13
Madison Central School District	\$91,418.00	35%	\$31,996.30
Lennox School District	\$92,603.00	35%	\$32,411.05
Dell Rapids School District	\$95,615.00	25%	\$23,903.75
Brookings School District	\$92,770.00	35%	\$32,469.50
Centerville School District	\$86,300.00	25%	\$21,575.00
Harrisburg School District	\$91,372.00	35%	\$31,980.20
Huron School District	\$91,470.00	25%	\$22,867.50
Watertown School District	\$85,578.00	25%	\$21,394.50
Madison Central School District	\$91,418.00	35%	\$31,996.30
Huron School District	\$91,470.00	25%	\$22,867.50
K & D Busing Inc	\$92,500.00	35%	\$32,375.00
Forman Sale Service	\$79,550.00	25%	\$19,887.50
River City Public Transit	\$101,307.00	25%	\$25,326.75
K & D Busing Inc	\$81,200.00	25%	\$20,300.00
K & D Busing Inc	\$78,350.00	25%	\$19,587.50
K & D Busing Inc	\$83,000.00	25%	\$20,750.00
K & D Busing Inc	\$83,300.00	25%	\$20,825.00
K & D Busing Inc	\$83,000.00	25%	\$20,750.00
Leola School District	\$49,750.00	25%	\$12,437.50
Chester Area School District	\$86,795.00	25%	\$21,698.75
Rutland School District	\$84,000.00	25%	\$21,000.00
Rapid City Area School District	\$102,975.00	25%	\$25,743.75
Brandon Valley School District	\$114,079.00	25%	\$28,519.75
Timber Lake School District	\$98,666.00	25%	\$24,666.50
Rapid City Area School District	\$102,975.00	25%	\$25,743.75
McLaughlin School District	\$91,900.00	25%	\$22,975.00
Brandon Valley School District	\$120,163.00	25%	\$30,040.75
Brookings School District	\$202,910.00	25%	\$50,727.50
Rapid City Area School District	\$102,975.00	25%	\$25,743.75
Harrisburg School District	\$91,372.00	35%	\$31,980.20
Lennox School District	\$94,845.00	35%	\$33,195.75

ATTACHMENT E



**FISCAL YEAR 2018
STATE CLEAN DIESEL GRANT PROGRAM
WORK PLAN AND BUDGET NARRATIVE TEMPLATE**

INSTRUCTIONS: States and territories applying for FY 2018 DERA State Clean Diesel Grant Program funding must use this template to prepare their Work Plan and Budget Narrative.

Please refer to the FY 2017-2018 STATE CLEAN DIESEL PROGRAM INFORMATION GUIDE for full Program details, eligibility criteria and funding restrictions, and application instructions.

SUMMARY PAGE

Project Title: State Clean Diesel Grant Program Funding FY 2018

Project Manager and Contact Information

Organization Name: South Dakota Department of Environment and Natural Resources, Air Quality Program

Project Manager: Barb Regynski

Mailing Address: 523 E Capitol, Pierre, SD 57501

Phone: 1-605-773-3151

Fax: 1-605-773-4068

Email: barb.regynski@state.sd.us

Project Budget Overview: State matching funds are contingent upon being able to use VW settlement money.

	FY 2017	FY 2018
EPA Base Allocation	\$223,801	\$274,146
State Matching Funds (if applicable)	\$223,801*	\$274,146
EPA Match Incentive (if applicable)	\$111,901*	\$137,073
Mandatory Cost-Share	\$1,406,358	\$1,780,890
TOTAL Project	\$1,965,861	\$2,466,255

*VW funds were not available for the FY 2017 cycle, so the 2017 State Matching Funds and EPA Match Incentive will be carried over and used during the FY 2018 cycle.

Project Period

October 1, 2017 – September 30, 2019

Summary Statement

The South Dakota program will provide rebates for vehicle replacement. The primary focus will be on school buses with any extra funds used for transit systems.

The state will use the grant money to provide a rebate program to help purchase new school buses to replace old, high-emitting diesel school buses. We estimate to replace 23 buses with FY 2017 funds and 29 buses with FY 2018 funds.

Total rebate per replacement bus will be up to 25% of the purchase price of a 2017 engine model year or newer engine certified to EPA emission standards, 35% of the purchase price of a 2017 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. Funds must be used to pay for the replacement of old diesel school buses. School buses being replaced may not be engine model year 1994 or older and must have at least 3 years useful years of operation remaining. No school buses being replaced may be engine model year 2007 or newer, except if replacing with all electric bus then MY2007-2009 may also be replaced. Recipients may not use funds to pay for administrative expenses. DENR intends to participate with as many eligible entities throughout the state of South Dakota as possible. The completed applications will be reviewed by DENR. DENR will develop a ranking system to determine which applicants receive rebates.

Information about the South Dakota Clean Diesel Grant Program can be found at:
<http://denr.sd.gov/des/aq/aadera.aspx>

SCOPE OF WORK

STATE GOALS AND PRIORITIES:

While South Dakota's air quality is cleaner than many states and currently meets NAAQS standards, reducing emissions from diesel engines is one of the most important air quality challenges facing the country. The South Dakota rebate program will provide funding for vehicle replacement. The primary focus will be on school buses, with any excess funding being available to transit systems. South Dakota's program objectives are to reduce emissions and childhood exposure to harmful diesel exhaust, while maximizing school budgets. Below is the 2014 National Emissions Inventory Pollutant Summary for South Dakota's Diesel Fleet.

Emissions Inventory Sector	Pollutant	Emissions	Units
Mobile - Non-Road Equipment - Diesel	CO	8632.51	TON
Mobile - On-Road Diesel Heavy Duty Vehicles	CO	4201.87	TON
Mobile - On-Road Diesel Light Duty Vehicles	CO	790.65	TON
Mobile - Non-Road Equipment - Diesel	NOX	18210.95	TON
Mobile - On-Road Diesel Heavy Duty Vehicles	NOX	14827.05	TON
Mobile - On-Road Diesel Light Duty Vehicles	NOX	306.32	TON
Mobile - Non-Road Equipment - Diesel	PM25-PRI	1421.59	TON
Mobile - On-Road Diesel Heavy Duty Vehicles	PM25-PRI	586.73	TON
Mobile - On-Road Diesel Light Duty Vehicles	PM25-PRI	13.86	TON

School buses are a safe and effective way to transport children to and from school, but they emit pollution. According to the Environmental Protection Agency (EPA), exposure to school bus 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. Asthma is currently the number one cause of missed school days for American children. According to the 2005 edition of "The Health Behaviors of South Dakotans", 11,348 children were at risk due to current asthma.

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. Some children can spend an average of an hour per day on diesel powered buses, inhaling the mixture of pollutants. Diesel fuel contains 40 chemicals listed as hazardous air pollutants under the federal Clean Air Act. And, you don't have to ride the bus to breathe in these fumes. The air quality in and around schools is compromised by idling buses during morning and afternoon drop off and pick up, exposing not only students, but parents, teachers, administrators and bus drivers to unhealthy diesel emissions.

"The School Bus Pollution Report Card 2006", researched by the Union of Concerned Scientists and endorsed by the American Lung Association, found that the average South Dakota school bus ranked among the oldest and most-polluting in the country. There were about 1,670 public school buses operating in the state of South Dakota. These school buses tended to be older vehicles operating on diesel engines that have significantly higher nitrogen oxides (NOx) and particulate matter (PM) emission levels compared to current emission standards. The average bus in the state was 14 years old, with 63% of the fleet being over 10 years old. The state received a D for soot pollution and the lowest possible rankings for cleanup.

School buses, like all diesel-powered vehicles, pollute the air with harmful gases and particles. Replacing older buses can decrease the amount of harmful pollution generated, helping to reduce the risk of asthma attacks, respiratory problems, and other diseases. This is especially important for children, whose developing lungs are particularly susceptible to diesel exhaust's damaging health effects.

VEHICLES AND TECHNOLOGIES:

DENR will provide a rebate for the incremental cost of a newer, cleaner bus up to 25% of the purchase price of a 2017 engine model year or newer engine certified to EPA emission standards, 35% of the purchase price of a 2017 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. For replacements, the engine being replaced must be scrapped or rendered permanently disabled. Drilling a three inch hole in the engine block and disabling the chassis is the preferred scrapping method. The replacement vehicle must not be in a larger weight class than the existing vehicle (Class 5, 6, 7, or 8).

School buses being replaced may not be engine model year 1994 or older and must have at least 3 years useful years of operation remaining. No funds used under this program shall be used to replace school buses engine model year 2007 or newer, except if replacing with all electric bus then MY2007-2009 may also be replaced. No funds used under this program shall be used to cover expenses incurred prior to the project period set forth in any assistance agreement.

ROLES AND RESPONSIBILITIES:

DENR will make an announcement in the Department of Education's "Education Online" newsletter and email letters to all public school districts in South Dakota and possibly others to promote the rebate opportunity. DENR developed a website to provide information about the program.

Applicants for bus replacement will be chosen according to the Programmatic Priorities and an evaluation process. This process will include but is not limited to the following evaluation points.

1. Age of vehicle
2. Ownership: publicly owned, privately owned non-profit, or privately owned for-profit
3. Ridership.

DENR will evaluate the applications, determine the recipients for bus replacement rebates, and enter into an agreement with the recipients. The recipients will be required to verify that the old engines or vehicles being replaced were scrapped or rendered permanently disabled with photographs.

TIMELINE AND MILESTONES:

1st and 2nd quarters of grant period:

- Begin the process of soliciting applicants.
- Accept applications for bus replacement rebates.
- Evaluate applicants.
- Select rebate recipients and finalize agreements.

3rd and 4th quarters of grant period:

- Selected recipients order replacement buses.
- Selected recipients scrap old buses.
- Finalize all required paperwork

5th and 6th quarters of grant period:

- Begin the process of soliciting applicants.
- Accept applications for bus replacement rebates.
- Evaluate applicants.
- Select rebate recipients and finalize agreements.

7th and 8th quarters of grant period:

- Selected recipients order replacement buses.
- Selected recipients scrap old buses.
- Finalize all required paperwork

DERA PROGRAMMATIC PRIORITIES:

The principal objective of the rebate program is to achieve significant reductions in diesel emissions in terms of tons of pollution produced and reductions in diesel emissions exposure from buses by following the programmatic priorities as defined in Section VIII.D of the Program Guide.

1. The program will maximize public health benefits since children are especially vulnerable to the effects of diesel exhaust. Their lungs are not yet fully developed, and they breathe twice as much air as adults per pound of body weight. Some children can spend an average of an hour per day on diesel powered buses, inhaling the mixture of pollutants. Diesel fuel contains 40 chemicals listed as hazardous air pollutants under the federal Clean Air Act. And, you don't have to ride the bus to breathe in these fumes. The air quality in and around schools is compromised by idling buses during morning and afternoon drop off and pick up, exposing not only students, but parents, teachers, administrators and bus drivers to unhealthy diesel emissions.
2. The program will be cost effective since we intend to use VW settlement funds as state match if they are available. This will allow us to receive the 50% base bonus. The recipients purchase the bus and receive a rebate per replacement bus up to 25% of the purchase price of a 2017 engine model year or newer engine certified to EPA emission standards, 35% of the purchase price of a 2017 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. They incur the mandatory cost share of 75%, 65% or 55%.
3. The program will be offered though out the state since South Dakota does not have any nonattainment areas.
4. The program will help in areas that receive a disproportionate quantity of air pollution from diesel fleets, including bus stops and schools.

5. The program will use replacements powered by a 2017 or newer model year certified engines for non-electric or any all-electric vehicles.
6. The recipients will maximize the useful life of any certified engine configuration or verified technology used by following their maintenance plans.
7. The program will conserve fuel since the new buses will get more miles per gallon than the replaced buses.

EPA’S STRATEGIC PLAN LINKAGE AND ANTICIPATED OUTCOMES/OUTPUTS:

1. Linkage to EPA Strategic Plan: This proposal supports progress towards EPA’s 2018-2022 Strategic Plan Goal 1, Objective 1.1, ‘Improve Air Quality,’ which states, “As part of its mission to protect human health and the environment, EPA is dedicated to improving the quality of the nation’s air.” Specifically, the proposed activities will reduce emissions from diesel fleets, thereby reducing local and regional air pollution of criteria pollutants and air toxics. The school bus replacements must be powered by a 2017 engine model year or newer certified engine or electric vehicle. This investment has a potentially large payoff for the public good, particularly for our children.

2. Outputs: Expected outputs from the projects to be funded under this Program include, but are not limited to:

- Number of replaced buses: We estimate to replace 23 buses with FY 2017 funds and 29 buses with FY 2018 funds
- Quarterly and final reports

3. Outcomes: Expected outcomes from the projects to be funded under this Program include, but are not limited to:

- Tons of pollution reduced over the lifetime of the vehicles, specifically:
 - fine particulate matter (PM_{2.5}),
 - nitrogen oxides (NO_x),
 - carbon monoxide (CO) and/or carbon dioxide (CO₂),
 - volatile organic compounds (VOCs).

Below are the estimated project summary results using the Diesel Emissions Quantifier. For the FY 2017 estimate, a fleet of twenty-three 2000 diesel school buses was used, with all twenty-three being replaced in 2018 with diesel school buses with 2017 technology. For the FY 2018 estimate, a fleet of twenty-nine 2000 diesel school buses was used, with all twenty-nine being replaced in 2019 with diesel school buses with 2017 technology. The default values for school buses were used as inputs.

2017 and 2018 Estimated Project Summary Emissions Results

Here are the combined results for the project.¹

2017

<i>Annual Results (short tons)²</i>	NO_x	PM2.5	HC	CO	CO₂	Fuel³
Baseline for Upgraded Vehicles	2.889	0.202	0.570	1.359	347.2	31,280
Amount Reduced After Upgrades	2.657	0.199	0.545	1.263	0.0	0
Percent Reduced After Upgrades	92.0%	98.2%	95.5%	92.9%	0.0%	0.0%

Lifetime Results (short tons)²

Baseline for Upgraded Vehicles	2.889	0.202	0.570	1.359	347.2	31,280
Amount Reduced After Upgrades	2.657	0.199	0.545	1.263	0.0	0
Percent Reduced After Upgrades	92.0%	98.2%	95.5%	92.9%	0.0%	0.0%

2018

<i>Annual Results (short tons)²</i>	NO_x	PM2.5	HC	CO	CO₂	Fuel³
Baseline for Upgraded Vehicles	3.642	0.255	0.719	1.714	443.7	39,440
Amount Reduced After Upgrades	3.351	0.250	0.687	1.592	0.0	0
Percent Reduced After Upgrades	92.0%	98.2%	95.5%	92.9%	0.0%	0.0%

Lifetime Results (short tons)²

Baseline for Upgraded Vehicles	3.642	0.255	0.719	1.714	443.7	39,440
Amount Reduced After Upgrades	3.351	0.250	0.687	1.592	0.0	0
Percent Reduced After Upgrades	92.0%	98.2%	95.5%	92.9%	0.0%	0.0%

¹ Emissions from the electrical grid are not included in the results.

² 1 short ton = 2000 lbs.

³ In gallons; fuels other than ULSD have been converted to ULSD-equivalent gallons.

- Benefits to the communities affected by the project, including improvements to human health and the environment, the local economy, social conditions, and the welfare of residents in such communities.
 - An increased understanding of the environmental or economic effectiveness of the implemented technology; dissemination of the increased knowledge via the website.
 - Reduced diesel pollution emissions near schools and bus stop areas for children.
 - Improved ambient air quality
 - Reduced impacts to school aged children.
 - Reduced number of children with asthma.

SUSTAINABILITY OF THE PROGRAM:

DENR will provide public notification that lists project information on the State website within 60 days of a grant. Website postings will include the total number and dollar amount of rebates, as well as a breakdown of the technologies funded. This information will help encourage other schools to implement these solutions by showing successful demonstrations.

South Dakota plans to implement the Clean Diesel Program as long as federal dollars are available to fully fund the program and complete activities that will reduce the air pollution levels caused by diesel engines. The recipients will maximize the useful life of any certified engine configuration or verified technology used by following their bus maintenance plans.

BUDGET NARRATIVE

Itemized Project Budget

Budget Category	FY 2017			FY 2018			Total
	EPA Allocation	Voluntary Match (if applicable)	Mandatory Cost-Share (if applicable)	EPA Allocation	Voluntary Match (if applicable)	Mandatory Cost-Share (if applicable)	
1. Personnel	\$38,189	\$25,459	\$0	\$38,189	\$25,459	\$0	\$127,296
2. Fringe Benefits	\$9,929	\$6,619	\$0	\$9,929	\$6,619	\$0	\$33,096
3. Travel	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4. Supplies	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5. Equipment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6. Contractual	\$546	\$364	\$0	\$546	\$364	\$0	\$1,820
7. Program Income	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8. Other	\$281,272	\$187,514	\$1,406,358	\$356,178	\$237,452	\$1,780,890	\$4,249,664
9. Total Direct Charges	\$329,936	\$219,956	\$1,406,358	\$404,842	\$269,894	\$1,780,890	\$4,411,876
10. Indirect Charges	\$5,767	\$3,844	\$0	\$6,377	\$4,252	\$0	\$20,240
Total	\$335,703	\$223,800	\$1,406,358	\$411,219	\$274,146	\$1,708,890	\$4,432,116

Explanation of Budget Framework

1. Personnel - A project manager will oversee the program. For FY 2017 and FY 2018, the project manager will spend approximately 50% of the time on the project or 1040 hrs/yr at an average salary of \$36/hr, the administrator will spend approximately 20% of the time on the project or 416 hrs/yr at an average salary of \$47/hr, and the secretary will spend approximately 20% of the time on the project or 416 hrs/yr at an average salary of \$16/hr. The following table summarizes personnel cost for the project period:

FY 2017				FY 2018		
Budget Category	EPA Allocation	Voluntary Match (if applicable)	Mandatory Cost-Share (if applicable)	EPA Allocation	Voluntary Match (if applicable)	Mandatory Cost-Share (if applicable)
Project Manager @ \$36/hr x 1040 hrs = \$37,440/yr	\$22,464	\$14,976	\$0	\$22,464	\$14,976	\$0
Administrator @ \$47/hr x 416 hrs = \$19,552/yr	\$11,731	\$7,821	\$0	\$11,731	\$7,821	\$0
Secretary @ \$16/hr x 416 hrs = \$6,656/yr	\$3,994	\$2,662	\$0	\$3,994	\$2,662	\$0
TOTAL = \$63,648/yr	\$38,189	\$25,459	\$0	\$38,189	\$25,459	\$0

2. Fringe Benefits - For FY 2017 and FY 2018, fringe benefit costs are approximately 26% of the personnel salary.

FY 2017				FY2018		
Budget Category	EPA Allocation	Voluntary Match (if applicable)	Mandatory Cost-Share (if applicable)	EPA Allocation	Voluntary Match (if applicable)	Mandatory Cost-Share (if applicable)
Fringe Benefits @ personnel X 26% = \$16,548/yr	\$9,929	\$6,619	\$0	\$9,929	\$6,619	\$0

3. Travel - DENR does not anticipate any travel during this project period.
4. Supplies - DENR does not anticipate purchasing any supplies during this project period.
5. Equipment - DENR does not anticipate purchasing any supplies during this project period.
6. Contractual – For FY 2017 and FY 2018 the contractual services consist of Bureau of Personnel and the state accounting system and will be approximately \$900/yr.

FY 2017				FY2018		
Budget Category	EPA Allocation	Voluntary Match (if applicable)	Mandatory Cost-Share (if applicable)	EPA Allocation	Voluntary Match (if applicable)	Mandatory Cost-Share (if applicable)
Contractual \$910/yr	\$546	\$364	\$0	\$546	\$364	\$0

7. Program Income - 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 engines, vehicles, equipment, or parts are to be sold, program income requirements apply.
8. Other - This category will include the funds going toward the actual State rebates to eligible entities. The recipient will order and purchase the buses. After delivery, the recipient will submit a request for reimbursement, an invoice, the certification of disposal form, photographic evidence of scrappage to DENR. A rebate will then be sent to the recipient. For FY 17, using the average price for a diesel school bus as \$81,528, the rebate 25% would be \$20,382/bus for 23 buses totaling \$468,786. For FY 18, using the average price for a diesel school bus as \$81,880, the rebate 25% would be \$20,470/bus for 29 buses totaling \$593,630.

For FY 17, using the average price for a diesel school bus as \$81,528, the rebate recipients mandatory cost share of 75% would be \$61,146/bus for twenty-three buses totaling \$1,406,358. For FY 18, using the average price for a diesel school bus as \$81,880, the rebate recipients mandatory cost share of 75% would be \$61,410/bus for twenty-nine buses totaling \$1,780,890.

Budget Category	FY 2017			FY 2018		
	EPA Allocation	Voluntary Match (if applicable)	Mandatory Cost-Share (if applicable)	EPA Allocation	Voluntary Match (if applicable)	Mandatory Cost-Share (if applicable)
Rebate of 25% of 23 buses = \$468,786 Rebate of 25% of 29 buses = \$593,630	\$281,272	\$187,514	\$0	\$356,178	\$237,452	\$0
Mandatory Cost Share of 75% from rebate recipients for 23 buses/yr:	\$0	\$0	\$1,406,358	\$0	\$0	\$1,780,890

9. Direct Charges - The total amount of direct costs. (See items 1-8 above.)

Budget Category	FY 2017			FY2018		
	EPA Allocation	Voluntary Match (if applicable)	Mandatory Cost-Share (if applicable)	EPA Allocation	Voluntary Match (if applicable)	Mandatory Cost-Share (if applicable)
Total Direct Charges	\$329,936	\$219,956	\$1,406,358	\$404,842	\$269,894	\$1,780,890

10. Indirect Charges - Indirect costs result from allocation of a grouping of administrative costs which are not easily identified as a direct cost. The indirect cost is the personnel amount X the indirect cost rate.

Budget Category	FY 2017			FY2018		
	EPA Allocation	Voluntary Match (if applicable)	Mandatory Cost-Share (if applicable)	EPA Allocation	Voluntary Match (if applicable)	Mandatory Cost-Share (if applicable)
FY17 personnel x 15.1% = \$9,611	\$5,767	\$3,844	\$0	\$6,377	\$4,252	\$0
FY18 personnel x 16.7% = \$10,629						

Administrative Costs Expense Cap

South Dakota plans on using no more than 15 percent of the State’s total allocation from EPA to cover administrative type costs as identified in OMB Circular A-87 Attachment B (e.g., personnel, benefits, travel, supplies). The 15 percent does not include indirect cost rates or funds going directly to projects through grants and/or loans.

Matching Funds and Cost-Share Funds

South Dakota will use the VW settlement money as voluntary match to the base amount if it is available and then it will be eligible for the bonus of 50% the base amount. The mandatory cost-share from the rebate recipient is shown under the other category of the budget. The rebate recipient will order and purchase the buses. After delivery, the rebate recipient will submit a request for reimbursement, an invoice, and the certification of disposal form to DENR. A rebate will then be sent of not more than 25% of the purchase price of a 2017 engine model year or newer engine certified to EPA emission standards, 35% of the purchase price of a 2017 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.