

**South Dakota  
DERA 2019/2020  
SD-C10-002  
APPENDIX D-4  
Beneficiary Eligible Mitigation Action Certification**

## BENEFICIARY ELIGIBLE MITIGATION ACTION CERTIFICATION

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Beneficiary State of South Dakota (SD)

Lead Agency Authorized to Act on Behalf of the Beneficiary SD Department of Environment and Natural Resources (DENR)  
*(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)*

<b>Action Title:</b>	DERA 2019/2020
<b>Beneficiary's Project ID:</b>	SD-C10-002
<b>Funding Request No.</b>	<i>(sequential)</i> SD-005
<b>Request Type: (select one or more)</b>	<input type="checkbox"/> Reimbursement <span style="float: right;"><input checked="" type="checkbox"/> Advance</span> <input type="checkbox"/> Other (specify): _____
<b>Payment to be made to: (select one or more)</b>	<input checked="" type="checkbox"/> Beneficiary <input type="checkbox"/> Other (specify): _____
<b>Funding Request &amp; Direction (Attachment A)</b>	<input checked="" type="checkbox"/> Attached to this Certification <input type="checkbox"/> To be Provided Separately

### SUMMARY

<b>Eligible Mitigation Action</b>	<input type="checkbox"/> Appendix D-2 item (specify): _____
<b>Action Type</b>	<input checked="" type="checkbox"/> Item 10 - DERA Option (5.2.12) (specify and attach DERA Proposal):
<b>Explanation of how funding request fits into Beneficiary's Mitigation Plan BM (5.2.1):</b> Pages 23-24 of SD's BMP give explanation of how trust funds will be used for the DERA option.	
<b>Detailed Description of Mitigation Action Item Including Community and Air Quality Benefits (5.2.2):</b> DERA programmatic priorities are on pages 5-6 of the attached work plan.	
<b>Estimate of Anticipated NOx Reductions (5.2.3):</b> Estimated Nox Reductions are on page 7 of the attached work plan.	
<b>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):</b> SD DENR	
<b>Describe how the Beneficiary will make documentation publicly available (5.2.7.2).</b> Page 26 of SD's BMP describes how documentation will be made publicly available.	
<b>Describe any cost share requirement to be placed on each NOx source proposed to be mitigated (5.2.8).</b> Cost share requirements are on page 10 of the attached work plan.	
<b>Describe how the Beneficiary complied with subparagraph 4.2.8, related to notice to U.S. Government Agencies (5.2.9).</b> Notice was emailed to US Government agencies on 2/8/18.	

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 State of South Dakota, 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: 2-28-2020

  
\_\_\_\_\_  
Kyrik Rombough, Engineer Manager III

SD DENR

\_\_\_\_\_  
[LEAD AGENCY]

for

State of South Dakota

\_\_\_\_\_  
[BENEFICIARY]

**ATTACHMENT B - PROJECT MANAGEMENT PLAN**

**TIMELINE**

<b>Date</b>	<b>Activity</b>
November 4, 2019	Call for Round Twelve Projects Opens
December 13, 2019	Call for Round Twelve Projects Deadline
December 16, 2019 - January 10, 2020	Evaluate & Select Round Twelve Projects
January 14, 2020	<a href="#">Round Twelve Selected Projects List</a> . Email rebate agreements to selected applicants.
January 2020 - April 2020	Recipients will order buses and email DENR copies of purchase orders.
September 2020	Deadline for all invoices and paperwork to be submitted to DENR for Round Twelve

**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 2019/2020 DERA Project	\$315,666
Anticipated VW Administrative Funds Used for 2019/2020 DERA Project *	\$31,566
Funds requested for previous Category 10 DERA Projects	\$497,947
Remaining Trust Funds Allocated for Category 10 DERA Projects	\$1,217,637

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

**PROJECT BUDGET OVERVIEW**

	<b>Oct 2019 - Sep 2020</b>
EPA Base Allocation	\$315,666
State Matching Funds (VW Category 10 Trust Funds)	\$315,666
EPA Match Incentive	\$157,833
VW Administrative *	\$31,566
Mandatory Cost-Share of Buses	65-75% of bus

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

**ITEMIZED PROJECT BUDGET**

<b>Budget Category</b>	<b>Oct 2019 – Sep 2020</b>		
	<b>EPA Allocation</b>	<b>VW Category 10</b>	<b>VW Administration</b>
1. Buses	\$426,150	\$315,666	\$0
2. Administration	\$47,349	\$0	\$31,566
<b>SD-C10-001 TOTAL</b>	\$473,499	\$315,666	\$31,566

## 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 12

Recipient	Quote	%	Max Award
Harlow's School Bus Service Inc	\$85,576.48	25%	\$21,394.12
<del>School Bus Inc</del>	<del>\$85,135.00</del>	<del>25%</del>	<del>\$21,283.75</del>
Harlow's School Bus Service Inc	\$85,576.48	25%	\$21,394.12
Groton School District	\$85,000.00	25%	\$21,250.00
Ethan School District	\$89,000.00	25%	\$22,250.00
<del>Hanson School District</del>	<del>\$88,600.00</del>	<del>25%</del>	<del>\$22,150.00</del>
Rosholt School District	\$86,950.00	25%	\$21,737.50
Wolsey-Wessington School District	\$85,900.00	25%	\$21,475.00
Northwestern Area School District	\$88,202.00	25%	\$22,050.50
Redfield School District	\$85,900.00	25%	\$21,475.00
<del>School Bus Inc</del>	<del>\$93,956.00</del>	<del>25%</del>	<del>\$23,489.00</del>
Harlow's School Bus Service Inc	\$85,576.48	25%	\$21,394.12
Beresford School District	\$88,466.00	25%	\$22,116.50
Wessington Springs School District	\$85,050.00	25%	\$21,262.50
West Central School District	\$103,621.00	25%	\$25,905.25
Rosholt School district	\$86,950.00	25%	\$21,737.50
Redfield School District	\$85,900.00	25%	\$21,475.00
Northwestern Area School District	\$88,202.00	25%	\$22,050.50
<del>School Bus Inc</del>	<del>\$93,956.00</del>	<del>25%</del>	<del>\$23,489.00</del>
Harlow's School Bus Service Inc	\$85,576.48	25%	\$21,394.12
<del>School Bus Inc</del>	<del>\$85,135.00</del>	<del>25%</del>	<del>\$21,283.75</del>
Yankton School District	\$101,088.27	35%	\$35,380.89
Huron School District	\$95,070.00	25%	\$23,767.50
Harlow's School Bus Service Inc	\$85,576.48	25%	\$21,394.12
Rapid City Area School District	\$105,500.00	25%	\$26,375.00
Harrisburg School District	\$94,172.00	35%	\$32,960.20
Brookings School District	\$101,118.00	35%	\$35,391.30
<del>School Bus Inc</del>	<del>\$93,956.00</del>	<del>25%</del>	<del>\$23,489.00</del>
Yankton School District	\$101,760.27	35%	\$35,616.09
Rapid City Area School District	\$105,500.00	25%	\$26,375.00
Huron School District	\$97,970.00	25%	\$24,492.50
Madison Central School District	\$97,794.20	35%	\$34,227.97
Harrisburg School District	\$94,172.00	35%	\$32,960.20
Rapid City Area School District	\$105,500.00	25%	\$26,375.00
Harrisburg School District	\$94,172.00	35%	\$32,960.20

~~-----~~ Declined Agreement



**FISCAL YEAR 2019  
STATE CLEAN DIESEL GRANT PROGRAM  
WORK PLAN AND BUDGET NARRATIVE TEMPLATE**

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INSTRUCTIONS: States and territories applying for FY 2019 DERA State Clean Diesel Grant Program funding must use this template to prepare their Work Plan and Budget Narrative.

Please refer to the FY 2019 STATE CLEAN DIESEL PROGRAM INFORMATION GUIDE for full Program details, eligibility criteria and funding restrictions, and application instructions.

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**SUMMARY PAGE**

**Project Title: State Clean Diesel Grant Program Funding FY 2019**

**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.

	<b>FY 2019</b>
EPA Base Allocation	\$315,666
State or Territory Voluntary Matching Funds (if applicable)	\$315,666
EPA Match Incentive (Bonus) (if applicable)	\$157,833
Mandatory Cost-Share	\$0
<b>TOTAL Project Cost</b>	<b>\$789,165</b>
Other Leveraged Funds	\$2,084,112

## **Project Period**

October 1, 2019 – September 30, 2021

## **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 buses to replace old, high-emitting diesel buses. We estimate to replace 32 buses with FY 2019 funds.

Total rebate per replacement bus will be up to 25% of the purchase price of a 2018 engine model year or newer engine certified to EPA emission standards, 35% of the purchase price of a 2018 engine model year or newer engine certified to meet CARB's Low-NOx Standards, or 45% of the purchase price of a new, zero tailpipe emissions replacement bus. Funds must be used to pay for the replacement of old diesel buses. Buses being replaced may not be engine model year 1995 or older. No buses being replaced may be engine model year 2010 or newer, except if replacing with a new, zero tailpipe emissions replacement vehicle. 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>

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## **SCOPE OF WORK**

### **STATE/TERRITORY GOALS AND PRIORITIES:**

While South Dakota's air quality is cleaner than many states and currently in attainment with all 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 buses. 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 Mobile 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 2018 engine model year or newer engine certified to EPA emission standards, 35% of the purchase price of a 2018 engine model year or newer engine certified to meet CARB's Low-NOx Standards, or 45% of the purchase price of a new, zero tailpipe emissions replacement vehicle. 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.

School buses being replaced may not be engine model year 1995 or older. No funds used under this program shall be used to replace school buses engine model year 2010 or newer, except if replacing with a new, zero tailpipe emissions replacement vehicle. 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. Number of buses previously received
2. Ownership: publicly owned, privately owned non-profit, or privately owned for-profit
3. Age of vehicle

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 2018 engine model year or newer engine certified to EPA emission standards, 35% of the purchase price of a 2018 engine model year or newer engine certified to meet CARB's Low-NOx Standards, or 45% of the purchase price of a new, zero tailpipe emissions replacement vehicle. They incur the net cost 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 2018 or newer model year certified engines for non-electric or any new, zero tailpipe emissions replacement vehicle.
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, “Core Mission”, Deliver real results to provide Americans with clean air, land and water and ensure chemical safety, Objective 1.1, Improve Air Quality. 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 2018 engine model year or newer certified engine or new, zero tailpipe emissions replacement bus. 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 32 buses with FY 2019 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 (PM2.5),
  - nitrogen oxides (NOx),
  - 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 2019 estimate, a fleet of thirty-two EMY 2000 diesel school buses was used, with all thirty-two being replaced in 2020 with diesel school buses with 2019 technology. The default values for school buses were used as inputs.

## 2019 Estimated Project Summary Emissions Results

Here are the results for the project.<sup>1</sup>

### 2019

<i>Annual Results (short tons)<sup>2</sup></i>	<b>NO<sub>x</sub></b>	<b>PM2.5</b>	<b>HC</b>	<b>CO</b>	<b>CO<sub>2</sub></b>	<b>Fuel<sup>3</sup></b>
Baseline for Upgraded Vehicles/Engines	4.019	0.281	0.793	1.891	489.6	43,520
Amount Reduced After Upgrades	3.697	0.276	0.758	1.757	0.0	0
Percent Reduced After Upgrades	92.0%	98.2%	95.5%	92.9%	0.0%	0.0%

  

<i>Lifetime Results (short tons)<sup>2</sup></i>	<b>NO<sub>x</sub></b>	<b>PM2.5</b>	<b>HC</b>	<b>CO</b>	<b>CO<sub>2</sub></b>	<b>Fuel<sup>3</sup></b>
Baseline for Upgraded Vehicles/Engines	24.113	1.689	4.760	11.346	2,937.6	261,120
Amount Reduced After Upgrades	22.184	1.658	4.546	10.540	0.0	0
Percent Reduced After Upgrades	92.0%	98.2%	95.5%	92.9%	0.0%	0.0%

<sup>1</sup> Emissions from the electrical grid are not included in the results.

<sup>2</sup> 1 short ton = 2000 lbs.

<sup>3</sup> 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 fund the program and will continue to use VW Trust Funds as match to 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.

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## BUDGET NARRATIVE

### Itemized Project Budget

Budget Category	EPA Allocation	Mandatory Cost-Share	Voluntary Match (if applicable)		Line Total
			VW Mitigation Trust Funds	Other Funds	
1. Personnel	\$39,312	\$0	\$26,208	\$0	\$65,520
2. Fringe Benefits	\$10,221	\$0	\$6,814	\$0	\$17,035
3. Travel	\$0	\$0	\$0	\$0	\$0
4. Equipment	\$0	\$0	\$0	\$0	\$0
5. Supplies	\$0	\$0	\$0	\$0	\$0
6. Contractual	\$539	\$0	\$360	\$0	\$899
7. Other	\$416,822	\$0	\$277,882	\$0	\$694,704
<b>8. Total Direct Charges (sum 1-7)</b>	<b>\$466,894</b>	<b>\$0</b>	<b>\$311,264</b>	<b>\$0</b>	<b>\$778,158</b>
9. Indirect Charges	\$6,604	\$0	\$4,403	\$0	\$11,007
<b>10. Total (Indirect + Direct)</b>	<b>\$473,498</b>	<b>\$0</b>	<b>\$315,667</b>	<b>\$0</b>	<b>\$789,165</b>
11. Program Income	\$0	\$0	\$0	\$0	\$0
12. Other Leveraged Funds*	\$0	\$0	\$0	\$0	<b>\$2,084,112</b>

\*Do not include Other Leveraged Funds on SF-424 or SF-424A

### Explanation of Budget Framework

- Personnel - A project manager will oversee the program. For FY 2019, the project manager will spend approximately 50% of the time on the project or 1040 hrs/yr at an average salary of \$37/hr, the administrator will spend approximately 20% of the time on the project or 416 hrs/yr at an average salary of \$48/hr, and the secretary will spend approximately 20% of the time on the project or 416 hrs/yr at an average salary of \$17/hr. The following table summarizes personnel cost for the project period:

Budget Category	EPA Allocation	Voluntary Match (if applicable)
Project Manager @ \$37/hr x 1040 hrs = \$38,480/yr	\$23,088	\$15,392
Administrator @ \$48/hr x 416 hrs = \$19,968/yr	\$11,981	\$7,987
Secretary @ \$17/hr x 416 hrs = \$7,072/yr	\$4,243	\$2,829
<b>TOTAL = \$65,520/yr</b>	<b>\$39,312</b>	<b>\$26,208</b>



2. Fringe Benefits - For FY 2019, fringe benefit costs are approximately 26% of the personnel salary.

<b>Budget Category</b>	<b>EPA Allocation</b>	<b>Voluntary Match (if applicable)</b>
Fringe Benefits @ personnel X 26% = \$17,035/yr	\$10,221	\$6,814

3. Travel - DENR does not anticipate any travel during this project period.
4. Equipment - DENR does not anticipate purchasing any equipment during this project period.
5. Supplies - DENR does not anticipate purchasing any supplies during this project period.
6. Contractual – For FY 2019 the contractual services consist of Bureau of Personnel and the state accounting system and will be approximately \$900/yr.

<b>Budget Category</b>	<b>EPA Allocation</b>	<b>Voluntary Match (if applicable)</b>
Contractual \$899/yr	\$539	\$360

7. 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, and photographic evidence of scrappage to DENR. A rebate will then be sent to the recipient. For FY 19, using the average price for a diesel school bus as \$86,838, the 25% rebate would be \$21,709.50/bus for 32 buses totaling \$694,704.

<b>Budget Category</b>	<b>EPA Allocation</b>	<b>Voluntary Match (if applicable)</b>
Rebate of 25% of 32 buses = \$694,704	\$416,822	\$277,882

8. Total Direct Charges - The total amount of direct costs. (See items 1-7 above.)

<b>Budget Category</b>	<b>EPA Allocation</b>	<b>Voluntary Match (if applicable)</b>
Total Direct Charges	\$466,894	\$311,264

9. 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.

<b>Budget Category</b>	<b>EPA Allocation</b>	<b>Voluntary Match (if applicable)</b>
FY19 personnel x 16.8% = \$11,007	\$6,604	\$4,403

10. Total (Indirect + Direct) – (See items 8-9 above.)
11. Program Income – If scrapped or salvaged engines/vehicles are to be sold, program income requirements apply. Program income may be used to meet the cost-sharing or matching requirement of the award, including any mandatory or voluntary cost-share. The amount of the award remains the same.
12. Other Leveraged Funds - This category will include the rebate program participant’s share of the bus. For FY 19, using \$86,838 as the average price for a diesel school bus, the other leveraged funds used would be 75% or \$65,128.50/bus for 32 buses totaling \$2,084,112.

**Administrative Costs Expense Cap**

South Dakota plans on using no more than 15% of a state’s total project costs to cover administrative costs as identified in OMB Circular A-87 Appendix B (e.g. personnel, benefits, travel, supplies). Total project costs include the federal share as well as any cost-share provided by the state. The 15% maximum does not include indirect cost rates or funds assigned to projects, and total cost for the budget period.

**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 rebate recipient will order and purchase the buses. After delivery, the rebate recipient will submit a request for reimbursement, an invoice, the certification of disposal form, and disposal photos to DENR. A rebate will then be sent of not more than 25% of the purchase price of a 2018 engine model year or newer engine certified to EPA emission standards, 35% of the purchase price of a 2018 engine model year or newer engine certified to meet CARB’s Low-NOx Standards, or 45% of the purchase price of a new, zero tailpipe emissions replacement vehicle.