

**South Dakota
Clean Diesel Grant Program
Rebate Agreement**

Recipient	Huron School District 150 5th St SW Huron SD 57350	FAIN 96844801 CFDA 66.040 State Clean Diesel Grant Program (B)	ID Number DERA123
DUNS	076501295	Regulatory Authority 2 CFR 200 2 CFR 1500 and 40 CFR 33	Date of Offer 3/20/19
Contact	Kelly Christopherson 353-6995		Rebate Amount \$22,867.50
Project Title/Description South Dakota Clean Diesel Grant This agreement provides a rebate to the SD applicant under the State Clean Diesel Grant Program. This project will help replace old diesel buses. The primary goal of the project is to reduce children's exposure to toxic emissions from diesel exhaust and to facilitate the improvement and protection of the ambient air quality throughout South Dakota.			
Rebate Conditions The recipient covenants and agrees that it will expeditiously initiate and timely complete the project above described in accordance with this agreement by September 30, 2019. The recipient warrants, represents, and agrees that it will comply: (1) with any special conditions set forth in the guidelines and (2) with the attached Assurances, Terms, and Conditions. Rebates will not be made until after July 1, 2019, unless federal funding authority is available.			
Offer The State of South Dakota hereby offers a rebate to Huron School District in an amount up to <u>0.25</u> of all approved costs incurred up to and not exceeding \$22,867.50 for the support of the approved project as described above. Such rebate may be terminated by DENR without further cause if the recipient fails to provide timely affirmation of the agreement by signing under the Acceptance section and returning this page of the signed agreement to the email or mailing address listed below by April 5, 2019.			
Signature of Award Official		Typed Name and Title Steven M. Pirner, Secretary	Date
Please check if you are Accepting or Declining this Rebate Agreement			
<p>_____ Accepting In accepting this agreement and any rebate made pursuant thereto, (1) the undersigned represents that he/she is duly authorized to act on behalf of the recipient, and (2) the recipient agrees (a) to comply with the provisions of this agreement, and (b) any rebates found by the State of South Dakota to have been overpaid will be refunded or credited in full to the State. To the best of my knowledge and belief, data in this agreement are true and correct.</p> <p>_____ Declining In declining this agreement, the undersigned represents that he/she is duly authorized to act on behalf of the recipient. To the best of my knowledge and belief, data in this agreement are true and correct.</p>			
Signature of Designated Official		Typed Name and Title	Date

Submit this page of signed agreement to project manager at:

Barb.regynski@state.sd.us or
Bus Rebate Program
Barb Regynski
SD DENR – AQ Program
523 E Capitol
Pierre, SD 57501

Assurances, Terms, and Conditions

The recipient entering into this agreement with DENR must follow the specific performance criteria as specified in this agreement to ensure compliance with statutory and audit requirements. All services or work carried out under this agreement must be completed within the scope, time frames, and funding limitations specified by the agreement. Upon signing of the agreement by DENR, a copy of the executed agreement will be returned to the applicant, at which time the agreement will be considered awarded.

The eligibility criteria for existing buses to be **replaced** are as follows:

- Funds cannot be used for replacements that would have occurred through normal attrition/fleet turnover within three years of the project start date. The existing bus to be replaced must be an in-use diesel bus engine model year 1995-2006 owned by any South Dakota public schools, non-public schools, state special schools, approved educational programs, shuttle or transit system providers, and school bus contractors.
- The existing bus being replaced will be scrapped or rendered permanently disabled within ninety (90) days of the replacement.

The eligibility criteria for **new replacement** buses are as follows:

- **Recipient should receive the new bus by August 31, 2019.**
- New buses with 2017 model engine year or newer diesel, alternative fuel, or all- electric engine.

REPLACEMENT BUS REQUIREMENTS

- Purchase of new buses may not occur prior to both parties signing the agreement. Submit a copy of the purchase order to DENR when the bus has been ordered. Rebates will be made on a reimbursement basis for eligible expenses incurred and paid by the grant recipient. A cost may not be considered incurred until the replacement bus has been received and accepted by the recipient.
- The recipient verifies that funds under this award cannot be used for emission reductions that result from vehicle/equipment replacements or repowers that would have occurred through normal attrition/fleet turnover within three years of the project start date.
- Program funds must only be used to purchase a new bus that is equipped with essential or standard equipment.
- The recipient must insure that the replaced bus is permanently disabled or scrapped and maintain documentation on how the replaced bus was permanently disabled or scrapped. This may include drilling a hole in the engine block or cutting the vehicle in half. Please keep a written record signed by both the recipient and the party disabling or scrapping the bus.
- Applicant submits invoice or receipts, record of bus being disabled or scrapped (Certificate of Disposal Form) and photos, the DENR Request for Reimbursement Form, and engine certificate if needed. DENR will review the information for compliance with all rebate requirements.
- Payment will be issued upon verification (documentation and/or DENR staff site visit). DENR reserves the right to hold reimbursement until after July 1, 2019.
- DENR maintains the right to monitor the project periodically and to do on-site verification.

STATE CONDITIONS

The recipients' services under this Agreement shall commence on the signing of the agreement by the State and ends September 30, 2019, unless sooner terminated or extended pursuant to the terms hereof.

The recipient agrees to indemnify and hold the State of South Dakota, its officers, agents and employees, harmless from and against any and all actions, suits, damages, liability or other proceedings that may arise as the result of performing services hereunder. This section does not require the recipient to be responsible for or defend against claims or damages arising solely from errors or omissions of the State, its officers, agents or employees.

This Agreement depends upon the continued availability of appropriated funds and expenditure authority from the Legislature for this purpose. If for any reason the Legislature fails to appropriate funds or grant expenditure authority, or funds become unavailable by operation of law or federal funds reductions, this Agreement will be terminated by the State. Termination for any of these reasons is not a default by the State nor does it give rise to a claim against the State.

This Agreement shall be governed by and construed in accordance with the laws of the State of South Dakota. Any lawsuit pertaining to or affecting this Agreement shall be venued in Circuit Court, Sixth Judicial Circuit, Hughes County, South Dakota.

The recipient will comply with all federal, state and local laws, regulations, ordinances, guidelines, permits and requirements applicable to providing services pursuant to this Agreement, and will be solely responsible for obtaining current information on such requirements.

Any notice or other communication required under this Agreement shall be in writing and sent to the contact listed on the signature page of this agreement. Notices shall be given by and to the Clean Diesel Grant Program on behalf of the State, and by the Grantee, or such authorized designees as either party may from time to time designate in writing. Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class mail, provided that notice of default or termination shall be sent by registered or certified mail, or, if personally delivered, when received by such party.

In the event that any court of competent jurisdiction shall hold any provision of this Agreement unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision hereof.

All other prior discussions, communications and representations concerning the subject matter of this Agreement are superseded by the terms of this Agreement, and except as specifically provided herein, this Agreement constitutes the entire agreement with respect to the subject matter hereof.

By September 30, 2019, the end date of this agreement, the grantee shall submit all claims for rebates due and payable under this agreement.

FEDERAL CONDITIONS

DERA FY17-18 State Program Programmatic Terms and Conditions

- A. **Substantial Federal Involvement for Cooperative Agreements** - EPA will provide substantial involvement in the form of technical assistance, development of outputs, and oversight. Specifically, substantial federal involvement will take the form of monitoring the recipient's project, participation and collaboration between EPA and the recipient in program content, review of project progress, and quantification and reporting of results.
- B. **Emissions Control Technologies** - Emissions Reduction Projects funded by the recipient pursuant to this assistance agreement must use verified technologies and/or must use engines and engine configurations certified by EPA and, if applicable, CARB. Technologies are verified under EPA or California's Retrofit Technology Verification Programs.
- C. **Quarterly Reporting and Environmental Results** - Quarterly progress reports will be required. Quarterly reports are considered project status reports and will address the progress made achieving the work plan goals. In general, quarterly reports will include summary information on technical progress and expenditures, and planned activities for next quarter. A template for the quarterly report will be available at www.epa.gov/cleandiesel/clean-diesel-state-allocations. Quarterly reports are due according to the following schedule. If a due date falls on a weekend or holiday, the report will be due on the next business day.
- April 1 – June 30 Reporting Period: report due date July 30
 - July 1 – September 30 Reporting Period: report due date October 30
 - October 1 – December 31 Reporting Period: report due date January 30
 - January 1 – March 31 Reporting Period: report due date April 30
- If a project start date falls within a defined Reporting Period, the recipient must report for that period by the given due date. This quarterly reporting schedule shall be repeated for the duration of the award agreement.
- D. **Final Report** - The final project report will include all categories of information required for quarterly reporting, including a final, detailed fleet description. The final project report will also include a narrative summary of the project or activity, project results (outputs and outcomes) including final emissions benefit calculations, and the successes and lessons learned for the entire project. To the extent possible, final emission benefit calculations should be based on the actual number and type of technologies, vehicles, equipment and engines implemented under the award and actual vehicle miles traveled, idling and/or operating hours, and fuel use. If actual vehicle miles traveled, idling and/or operating hours, and fuel use are not available, the final report will include a detailed explanation of how these values are derived, as well as any assumptions or default values used, for the purposes of emissions benefit calculations. The final report will also detail the methodologies used for the emission benefit calculation.

For projects involving vehicle/engine/equipment replacement the recipient must provide in the final report: 1) Evidence that the replacement activity is an "early replacement," and would not have occurred through normal attrition/fleet turnover (i.e. without the financial assistance provided by EPA) within three years of the project period start date. Supporting evidence can include verification that the vehicles or equipment being replaced have useful life left and fleet characterization showing fleet age ranges and average turnover rates per the vehicle or fleet owner's budget plan, operating plan, standard procedures, or retirement schedule; 2) Evidence of

appropriate scrappage (see E.9.4 below); and 3) Specification of the model years and the emission standard levels for PM and NOx, for both the engine being replaced and the new engine.

For projects that take place in an area affected by, or includes vehicles, engines or equipment affected by federal law mandating emissions reductions, the recipient must provide in the final report evidence that emission reductions funded with EPA funds were implemented prior to the effective date of the mandate and/or are in excess of (above and beyond) those required by the applicable mandate.

The final report shall be submitted to the EPA Project Officer within 90 days after the project period end date or termination of the assistance agreement. A template for the final report will be available at www.epa.gov/cleandiesel/clean-diesel-state-allocations.

E. Use of Funds Restriction –

1. **Federal Matching Funds:** Recipient agrees that funds under this award cannot be used for matching funds for other federal grants unless expressly authorized by statute. Likewise, recipient may not use federal funds as cost-share funds for the State Clean Diesel Grant Program, including funds received under EPA's National Diesel Emissions Reduction Programs and federal Supplemental Environmental Project (SEP) funds.
2. **Administrative Cost Expense Cap:** Recipient agrees that no more than 15 percent of the recipient's total project costs may be used to cover administrative type costs (e.g. personnel, benefits, travel, and office supplies). Total project costs include the federal share as well as any cost-share provided by the state. The state's indirect costs are not considered as administrative type costs and do not count towards the 15 percent maximum.
3. **Expenses Incurred Prior to the Budget Period:** Recipient agrees that funds under this award cannot be used to cover expenses incurred prior to the budget period defined in this assistance agreement. Additionally, expenses incurred prior to the budget period defined in this assistance agreement are not eligible as a cost-share.
4. **Formerly Verified Technologies:** Recipient agrees that funds under this award cannot be used for retrofit technologies on EPA's or CARB's, "Formerly Verified Technologies" lists. EPA's formerly verified list can be found at: www.epa.gov/verified-diesel-tech/list-formerly-verified-technologies-clean-diesel, and CARB's formerly verified lists can be found at: www.arb.ca.gov/diesel/verdev/vt/fv1.htm, www.arb.ca.gov/diesel/verdev/vt/fv2.htm, and www.arb.ca.gov/diesel/verdev/vt/fv3.htm.
5. **Emissions Testing:** Recipient agrees that funds under this award cannot be used for emissions testing and/or air monitoring activities (including the acquisition cost of emissions testing equipment), or research and development.
6. **Fueling Infrastructure:** Recipient agrees that funds under this award cannot be used for fueling infrastructure, such as that used for the production and/or distribution of biodiesel, compressed natural gas, liquefied natural gas, and or other fuels.
7. **Mandated Measures:** Recipient agrees that funds under this award cannot be used for emissions reductions that are mandated under federal law. This refers to specific compliance dates within the mandate, not when the mandate is passed. Voluntary or elective emissions reductions measures shall not be considered "mandated", regardless of whether the reductions are included in the State Implementation Plan of a State.

8. **Normal Attrition:** Recipient agrees that funds under this award cannot be used for emission reductions that result from replacements that would have occurred through normal attrition/fleet turnover within three years of the project start date. Any question as to eligibility of a replacement should be directed to the EPA Project Officer.
9. **Fleet Expansion:** Recipient agrees that funds under this award, including subawards/subgrants, cannot be used for the purchase of vehicles, engines, or equipment to expand a fleet. Engine, vehicle, and equipment replacement projects are eligible for funding on the condition that the following criteria are satisfied:
 - a. The vehicle, equipment and/or engine being replaced must be fully operational and in current, regular service.
 - b. The replacement vehicle, engine, or equipment will continue to perform the same function and operation as the vehicle, engine, or equipment that is being replaced.
 - c. The replacement vehicle, engine, or equipment will be of the same type and similar gross vehicle weight rating or horsepower as the vehicle, engine, or equipment being replaced.

Highway: The replacement vehicle must not be in a larger weight class than the existing vehicle (Class 5, 6, 7, or 8). The engine's primary intended service class must match the vehicle's weight class (i.e. a LHD diesel engine is used in a vehicle with GVWR 16,001 – 19,500 pounds, a MHD diesel engine is used in a vehicle with a GVWR of 19,501 – 33,000 pounds, and an HHD diesel engine is used in a vehicle with a GVWR greater than 33,000 pounds.) Exceptions may be granted for vocational purposes, however the GVWR must stay within 10 percent of the engine's intended service class and any exceptions will require specific EPA approval prior to purchase.

- i. The vehicle, equipment, and/or engine being replaced must be scrapped or rendered permanently disabled within ninety (90) days of being replaced.
 - ii. Cutting a three-inch by three-inch hole in the engine block (the part of the engine containing the cylinders) is the preferred scrapping method. Other acceptable scrapping methods may be considered and will require prior written approval from the EPA Project Officer.
 - iii. Disabling the chassis may be completed by cutting through the frame/frame rails on each side at a point located between the front and rear axles. Other acceptable scrapping methods may be considered and will require prior written approval from the EPA Project Officer.
 - iv. Evidence of appropriate disposal is required in a final assistance agreement report submitted to EPA and includes a signed certificate of destruction (to be provided by the EPA Project Officer) and digital photos of the engine tag (showing serial number, engine family number, and engine model year), the destroyed engine block, and cut frame rails or other cut structural components as applicable.
 - v. Scrapped engines and equipment and vehicle components 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.
10. **Auxiliary Power Units:** Recipient agrees that funds under this award cannot be used for the purchase of APUs or generators for vehicles with engine model year 2007 or newer.

11. Highway Model Year: Recipient agrees that funds under this award cannot be used to retrofit (including idle reduction technologies and aerodynamics and tires), convert, or replace a transit bus, school bus, medium-duty, or heavy-duty highway vehicle with engine model year 1994 and older or 2010 and newer, or to retrofit engine model year 2007 and newer with DOCs or DPFs, or retrofit engine model year 2010 and newer with SCR, or replace engine model year 2007-2009 with other than all-electric (zero-emission)

- F. **Delays or Favorable Developments** - The recipient agrees that it will promptly notify the EPA Project Officer of any problems, delays, or adverse conditions which may materially impair its ability to deliver on the outputs/outcomes specified in the work plan. This disclosure must include a statement of the action taken, or contemplated, and any assistance needed to resolve the situation. The recipient agrees that it will also notify the EPA Project Officer of any favorable developments which may enable meeting time schedules and objectives sooner or at less cost than anticipated or producing more beneficial results than originally planned.
- G. **Employee and/or Contractor Selection** - EPA will not help select employees or contractors hired by the recipient.
- H. **Program Income** - Program income as defined at 2 CFR §200.80 means gross income received by the grantee or subrecipient that is directly generated by a grant supported activity or earned as a result of the Federal award during the period of performance. Under DERA grants, program income is generally limited to the sale of scrapped or remanufactured engines/chassis or salvaged engine/vehicle/equipment components and does not include revenue generated by recipients or subrecipients through the commercial use of vehicles and equipment purchased with grant funds. "Period of performance" is the time between the start and end dates of the period of performance as included in the Federal award.

Program income earned during the project period shall be retained by the recipient and, in accordance with 2 CFR §200.307 recipient is authorized to use program income to meet the cost-sharing or matching requirement of the Federal award, including any mandatory or voluntary cost-share. The recipient will maintain records adequate to document the extent to which transactions generate program income and the disposition of program income.

- I. **Equipment Use, Management, and Disposition** - These equipment use, management, and disposition instructions are applicable to assistance agreement recipients and subrecipients acquiring equipment under this award. State agencies may use, manage and dispose of equipment acquired a Federal award by the state in accordance with state laws and procedures.

Recipient agrees the equipment acquired under this assistance agreement will be subject to the use and management and disposition regulations at 2 CFR §200.313.

Equipment is defined as tangible personal property having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of \$5,000, or the capitalization level established by the non-Federal entity for financial statement purposes (see 2 CFR §200.12 Capital assets). Certified or verified technologies, vehicles, engines and nonroad equipment are considered to be equipment to the extent they fall within this definition.

Recipient agrees that at the end of the project period the recipient will continue to use the equipment purchased under this assistance agreement in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award. When acquiring replacement equipment, the non-Federal entity may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property. Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.

- J. **Procurement Procedures** - The recipient must follow applicable procurement procedures. EPA will not be a party to these transactions. When procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds. The state will comply with 2 CFR §200.322 Procurement of Recovered Materials, and ensure that every purchase order or other contract includes any clauses required by 2 CFR §200.326 Contract provisions. All other non-Federal entities, including subrecipients of a state, will follow 2 CFR §§200.318 General Procurement Standards through 200.326 Contract Provisions.
- K. **Public Notification** - Not later than 60 days after the date of the award of a subaward, rebate, or loan by a State, the State shall publish on the Web site of the State:
 - 1. For subawards, rebates, and loans provided to the owner of a diesel vehicle or fleet, the total number and dollar amount of subawards, rebates, or loans provided, as well as a breakdown of the technologies funded through the subawards, rebates, or loans; and
 - 2. For other subawards, rebates, and loans, a description of each application for which the subaward, rebate, or loan is provided.
- L. **Mandatory Cost-Share Requirement** - Any voluntary matching funds provided by the state to qualify for the matching incentive are included in the "EPA funds and state voluntary matching funds" described below. Mandatory cost-share funds provided by the state and/or eligible third parties cannot count towards the state's voluntary matching funds to qualify for the matching incentive. However, if a state requires a third-party cost-share contribution above and beyond the mandatory cost-share amount for the elected technology, then the "excess" cost-share may be applied towards the state voluntary match funds for the purpose of qualifying for the matching incentive.

This award and the resulting federal funding share (as shown under "Notice of Award" in the award document) is based on estimated costs requested in the recipient's final approved workplan. While actual total costs may differ from those estimates, the recipient may not use EPA funds and state voluntary matching funds to provide more than the cost-share percentages outlined below, as applicable, of the final equipment costs. EPA's participation shall not exceed the total amount of federal funds awarded or the maximum federal cost-share percentages of the final equipment costs as outlined below, as applicable. Recipients must satisfy any applicable cost-share requirements with allowable costs as set forth in 2 CFR §200.306. The cost-share requirements are as follows:

- 1. Certified Vehicle/Equipment Replacement:
 - a. EPA funds and state voluntary matching funds can cover up to 25% of the cost of an eligible replacement vehicle or piece of equipment powered by a 2017 model year or newer certified engine; states and/or eligible third parties are

responsible for the mandatory cost-share of at least 75% of the cost of an eligible replacement vehicle or piece of equipment.

- b. Low-NOx : EPA funds and state voluntary matching funds can cover up to 35% of the cost of an eligible highway replacement vehicle powered by a 2017 model year or newer engine certified to meet CARB's Optional Low-NOx Standards of 0.1 g/bhp-hr, 0.05 g/bhp-hr, or 0.02 g/bhp-hr NOx. Engines certified to CARB's Optional Low NOx Standards may be found by searching CARB's Executive Orders for Heavy-duty Engines and Vehicles, found at: www.arb.ca.gov/msprog/onroad/cert/cert.php. States and/or eligible third parties are responsible for the mandatory cost-share of at least 65% of the cost of an eligible replacement vehicle.
- c. All-Electric : EPA funds and state voluntary matching funds can cover up to 45% of the cost of an eligible all-electric replacement vehicle or equipment. States and/or eligible third parties are responsible for the mandatory cost-share of at least 55% of the cost of an eligible all-electric replacement vehicle or piece of equipment.

The eligible acquisition cost for equipment means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in transit insurance and freight may be included in or excluded from the acquisition cost in accordance with the non-Federal entity's regular accounting practices.

- M. **Leveraging** - The recipient agrees to provide the proposed leveraged funding, including any voluntary cost-share contribution that is described in its final approved workplan. If the proposed leveraging does not materialize during the period of award performance, and the recipient does not provide a satisfactory explanation, the Agency may consider this factor in evaluating future proposals from the recipient. In addition, if the proposed leveraging does not materialize during the period of award performance then EPA may reconsider the legitimacy of the award. If EPA determines that the recipient knowingly or recklessly provided inaccurate information regarding the leveraged funding the recipient described in its final approved workplan, EPA may take action as authorized by 2 CFR Part 200 and/or 2 CFR Part 180 as applicable.
- N. **Voluntary Match Incentive** - If a state provides a voluntary match equal to the base allocation offered by EPA, EPA will provide a matching incentive equal to 50 percent of the base allocation. The voluntary match may be satisfied by allowable costs incurred by the state (i.e. in-kind contributions), or by cash donations of state funds or private funds. State voluntary matching funds included in the approved project budget are subject to the same terms and conditions and funding limits as the awarded DERA funds. A recipient is legally obligated to expend any voluntary match included in the approved project budget within the project period of that award.

Any voluntary matching funds provided by the state to qualify for the matching incentive count towards the "EPA funds and state voluntary matching funds". Mandatory cost share funds provided by the state and/or eligible third parties cannot count towards the state's voluntary matching funds to qualify for the matching incentive. However, if a state requires a third-party cost-share contribution above and beyond the mandatory cost-share amount for the elected technology, then the "excess" cost-share may be applied towards the state voluntary match funds for the purpose of qualifying for the matching incentive.

This award and the resulting federal funding of \$411,219 is based on estimated costs requested in the recipient's final approved workplan. Included in these costs is a voluntary cost-share contribution of \$274,146 by the recipient in the form of a voluntary cost-share that the recipient included in its final approved workplan. The recipient must provide this voluntary cost-share contribution during performance of this award unless the EPA agrees otherwise in a modification to this agreement. While actual total costs may differ from the estimates in the recipient's application, EPA's participation shall not exceed the total amount of federal funds awarded.

If the recipient fails to provide the voluntary cost-share contribution during the period of award performance, and does not provide a satisfactory explanation, the Agency may consider this factor in evaluating future proposals from the recipient. In addition, if the voluntary cost-share contribution does not materialize during the period of award performance then EPA may reconsider the legitimacy of the award; if EPA determines that the recipient knowingly or recklessly provided inaccurate information regarding the voluntary cost-share or overmatch the recipient described in its final approved workplan, EPA may take action as authorized by 2 CFR Part 200 and/or 2 CFR Part 180 as applicable.