



MISSOURI DEPARTMENT OF NATURAL RESOURCES
Air Pollution Control Program
Volkswagen Trust School Bus Program Requirements

I. Program Requirements

This document sets forth the requirements pertinent to Volkswagen (VW) Trust Awards (Award) made by the Missouri Department of Natural Resources (Department), Air Pollution Control Program (APCP).

By submitting a complete application for an Award, the applicant agrees to comply with these requirements in addition to any other governmental, regulatory, or statutory provision that may be applicable.

A. Use and Award of VW Trust Monies

1. All Awards shall be used for the replacement of diesel-powered, traditional yellow-style, type A-D, 1992-2009 engine model year, Class 4-8 school buses with a gross vehicle weight rating greater than 14,000 pounds, and in current use (licensed) transporting students to and from school or school-related activities.

Eligible school buses may be replaced with any new diesel, biodiesel, alternate fueled or all-electric vehicle. The new school bus must have a gross vehicle weight rating greater than 14,000 pounds and be the same or lower class bus as the school bus it is replacing. The engine year of all new school buses purchased must be the same as the year in which the application period occurs or one (1) year prior. The new school bus cannot have a gasoline-powered engine.

Alternate fueled means a vehicle powered by an engine using a fuel different from or in addition to gasoline, ethanol, diesel, or biodiesel. This includes, but is not limited to compressed natural gas, liquid natural gas, propane, and diesel-electric hybrid. For vehicles powered by gasoline, ethanol, diesel, or biodiesel fuel, the use of pretreatment or fuel additives does not qualify a vehicle to be alternative fueled.

All-electric means powered exclusively by electricity provided by a battery, fuel cell, or the grid.

Vans and charter-style buses are not eligible vehicles even if used to transport students to and from school or school-related activities. Likewise, traditional yellow-style school buses not used to transport students to and from school or school-related activities are not eligible vehicles.

2. Eligible applicants must be a commercial, private, public, or institutional entity that owns and uses diesel-powered school buses stationed in Missouri and serve a Missouri school district to be eligible for funding. This includes charter, private, and faith-based schools.
3. Documentation Requirements
 - a. **Application Submission.** To be considered for an award, the applicant must submit:
 - i. A complete, signed and dated application, including Section D. Project Details;

- ii. A copy of the Department of Elementary and Secondary Education’s (DESE) district’s Annual Secretary of the Board Report (ASBR), Part IV, Application for State Transportation Aid for any district represented on the application; and
 - iii. A copy of each school bus title or current registration listed on the application.
- b. **Notification of Award.**
- i. Within ten (10) days of notification of the award, the applicant must provide photos of the vehicle being replaced, including the following; and
 - Profile of the vehicle with fleet unit number in view
 - Profile of the engine (preferably with fleet unit number in view)
 - Photos of the vehicle identification information with the following in view:
 - VIN
 - Vehicle make
 - Vehicle model
 - Vehicle model year
 - Gross vehicle weight rating
 - Photos of the engine information with the following in view:
 - Engine make
 - Engine model
 - Engine model year
 - EPA engine family name
 - Horsepower rating
 - Engine serial number
 - ii. Within forty-five (45) days of notification of the award and after approval of photos, the applicant must provide the following documentation:
 - Purchase Order indicating the cost of the school bus(es) and the estimated delivery date;
 - Copy of title of old vehicle or current registration.
- c. **Delivery and Acceptance of New Vehicle.** Within thirty (30) days of delivery and acceptance of the new vehicle, the applicant must provide the following documentation:
- i. Photos of the new vehicle purchased with award monies, including the following; and
 - Profile of the vehicle with fleet unit number in view
 - Profile of the engine (preferably with fleet unit number in view)
 - Photos of the vehicle identification information with the following in view:
 - VIN
 - Vehicle make
 - Vehicle model
 - Vehicle model year
 - Gross vehicle weight rating
 - Photos of the engine information with the following in view:
 - Engine make
 - Engine model
 - Engine model year
 - EPA engine family name
 - Horsepower rating
 - Engine serial number
 - ii. Invoice(s) showing proof of payment(s) with a copy of the check or wire transfer used for payment.
- d. **Disabling.** Within fourteen (14) days of disabling the vehicle or engine, the applicant must provide the following documentation:
- i. Photos documenting the disabling of the vehicle being replaced; and

- ii. Demonstrate compliance with Disabling Requirements in paragraph I.A.5. of this document.
- 4. Certified Engine Requirements

The engine year of all new school buses purchased must be the same as the year in which the application period occurs or one (1) year prior. All new school buses, except all-electric or hydrogen fuel cell powered vehicles with zero tailpipe emissions, must be certified to conform to all EPA emission regulations.
- 5. Disabling Requirements

The VW Trust School Bus Program requires applicants to permanently disable the engine and chassis of the vehicle being replaced. Any old, replaced vehicle must be scrapped or rendered permanently disabled within sixty (60) days of delivery and acceptance of the new vehicle using the following methods:

 - a. **Engine.** Disabling the engine requires creating a 3-inch diameter hole in the engine block (the part of the engine containing the cylinders). Alternatively, removing the engine oil from the crankcase, replacing it with a forty (40) percent solution of sodium silicate and running the engine for a short time at low speeds, thus rendering the engine inoperable is also an acceptable engine disabling method. Another alternative is to crush or break the engine to the satisfaction of the Department. Other scrapping methods may be allowable but require prior approval from the Department.
 - b. **Chassis.** Disabling the chassis requires cutting both rails of the chassis in half between the axels of the bus. Alternatively, the chassis/body of the vehicle/equipment may be torn apart or crushed to the satisfaction of the Department. Other scrapping methods may be acceptable but require prior approval from the Department.
 - c. **Disposal.** Any parts from the vehicle, other than the engine or chassis may be salvaged for reuse from the old vehicle being replaced (e.g. wheels, batteries, lights, cameras, seats, etc.). The engine and chassis may be retained or sold for scrap metal value.
- 6. Site Visit

The applicant must schedule the date to disable the old vehicle and notify the Department at least two (2) weeks prior to such date to give Department representatives the opportunity to observe the disabling process. If Department representatives elect not to be present on the date scheduled, the disabling may proceed as planned.
- 7. Award Amounts
 - a. **Cost Share.** Cost share percentage is based on several district-specific and fleet-specific data. Each cost share percentage is accompanied by a maximum funding cap, which is based on a \$90,000 new bus cost. The percentage of cost-share reimbursement amount is determined by using the following factors:
 - i. The average age of all licensed school buses owned by a single entity (school district or contractor) and serving a single school district. This age is determined using the vehicle model year of all school buses as printed on the title of each school bus and the calendar year in which the application is submitted.
 - ii. The average annual miles driven is calculated by dividing the total miles driven, as reported in DESE's ASBR Part IV, Section III including both "Total Eligible Route Miles" and "Total Ineligible Route miles" by the number of buses in the bus fleet serving a single school district.
 - iii. The average annual miles per bus rider per year is calculated by dividing the average annual miles driven by the total pupils transported for the school district as reported in DESE's ASBR Part IV, Section I, including only "Eligible Daily Transported."

$$\text{Average Annual Miles per Bus Rider} = \frac{(\text{Total Miles Driven}) / (\text{Number of Buses in Bus fleet})}{\text{School District Total Pupils Transported}}$$

Table: Government-Owned Funding Maximums

Average Annual Miles per Bus Rider	Average Fleet Age		
	Older than 14 years	9 Years and Older	Newer than 9 years
25 miles per bus rider per year and greater	80% Up to \$72,000	60% Up to \$54,000	40% Up to \$36,000
Under 25 miles per bus rider per year	60% Up to \$54,000	40% Up to \$36,000	25% Up to \$22,500

Table: Nongovernment-Owned Funding Maximums

Average Annual Miles per Bus Rider	Average Fleet Age		
	Older than 14 years	9 Years and Older	Newer than 9 years
25 miles per bus rider per year and greater	20% Up to \$18,000	25% Up to \$22,500	20% Up to \$18,000
Under 25 miles per bus rider per year	15% Up to \$13,500	20% Up to \$18,000	15% Up to \$13,500

- b. **Incentives.** Additional funding may be added to the funding percentage and/or funding cap as determined by the Funding Maximums tables. The funding increases described here apply only to projects on an application that meet the listed criteria. In accordance with the federal consent decree for the VW Trust, nongovernment entities may not receive more than 25 percent of the cost of a replacement diesel or alternate-fueled school bus, regardless of these funding increases. A specific project may use only one of the following increases even if qualified for more than one. Funding for a specific project on an application may be increased by the following:
- i. Projects that downsize school buses—Projects requesting a new school bus (Type A-D) with a capacity less than 15 (including driver), regardless of old school bus capacity, may increase their funding percentage by 5 percentage points and increase their funding maximum by \$4,500 for replacements meeting this criterion.
 - ii. Purchase alternative-fueled school buses—Projects requesting a new alternate fuel school bus may increase their funding cap by \$15,000.
 - iii. Purchase all-electric school buses—Projects requesting a new all-electric school bus may request up to 50% of the project costs, including the cost to purchase and install charging infrastructure. Both Government and Non-government entities are eligible for this increase.

B. Restrictions on the Use of Awards

1. Any monies awarded and disbursed to an applicant that are not expended for the purpose for which the monies were awarded will be repaid by the applicant.
2. *Reserved.*
3. The Award is not, and shall not be, transferrable to any person or entity.
4. Applicants may not use award monies from this program to cover any portion of the following costs:
 - a. Required cost share for projects partially funded by a state or federal Diesel Emissions Reduction Act (DERA) grant, a Congestion Mitigation and Air Quality Improvement (CMAQ) grant, another state's share of the trust created under the federal agreement (i.e. Environmental Mitigation Trust Agreement for State Beneficiaries), or any other state or federal funding assistance program, unless the grant or program allows participants to use these funds to cover a portion of the participant's cost share obligations.
 - b. Retrofit equipment of any kind, including emission control, idle reduction, aerodynamic technology, or low-rolling resistance tires unless the technology comes included with the purchase of the new vehicle, or this type of equipment is included as an option in the specifications for the new vehicle.
 - c. Administrative costs.
 - d. The cost of towing or decommissioning the replaced vehicle or equipment.
 - e. The cost of operating or maintaining the new replacement vehicle.
 - f. Any luxury options for new vehicles and equipment, including but not limited to, chrome plating, custom tire rims, and other luxury custom options.
 - g. The incremental cost of alternative fuels or infrastructure for the fueling, dispensing or blending of liquid or gaseous alternative fuels.
 - h. Emissions reductions that are mandated under Federal, State or local law. This refers to specific compliance dates within the mandate, not when the mandate is passed. Voluntary or elective emissions reduction measures shall not be considered "mandated," regardless of whether the reductions are included in any other plan.
 - i. Taxes on vehicles or licensing costs.

II. Financial Requirements

A. Method of Payment

1. The applicant shall not purchase the replacement vehicle before the APCP approved start date.
2. The applicant shall submit documentation in compliance with paragraph I.A.3 prior to receiving reimbursement from the Department.
3. By accepting a reimbursement from the department for a school bus replacement project, the applicant certifies to the best of their knowledge and belief the information submitted is correct, and all outlays were made in accordance with this document.
4. Award Payments to the Applicants
 - a. **Proof of Payment.** Invoices (for the project) must be submitted within thirty (30) days of invoice date (school bus delivery). Invoices must include the following:
 - i. applicant's name, address, the amount paid by applicant for project, and total cost of the

- project; and
 - ii. attachments including, copies of paid receipt(s) from the vendor(s) proving total cost of the project and copies of check(s) or wire transfer(s) used to pay for the project for which the applicant is requesting reimbursement.
 - b. **Reimbursement.** May be made upon showing of good cause or special circumstances, as determined and approved by the APCP.
5. For monies withheld or repaid as a result of an enforcement action in subsection III.C. of this document, the APCP may make these monies available to other eligible applicants.

B. Retention and Custodial Requirements For Records

1. The applicant shall retain financial records, supporting documents, and other records pertinent to the Award for a period of five (5) years after the close of the project.
2. If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the five (5)-year period, the applicant shall retain records until completion of the action and resolution of all issues, which arise from it, or until the end of the regular five (5)-year period, whichever is later.
3. The rights to access such records must not be limited to the required retention period but shall last as long as the records are retained.
4. Any representative of the Department shall have the right to visit the project site(s) at any time until the project is closed.
5. The APCP and the Missouri State Auditor's Office or any of their authorized representatives shall have the right of access to any pertinent books, documents, papers, or other records of the applicant, which are pertinent to the award, in order to make audits, examinations, excerpts, and transcripts.
6. The applicant's records shall be maintained as public records pursuant to Chapter 610, RSMo.

C. Financial Management and Reporting

1. **Financial Reporting.** The applicant shall retain accurate, current, and complete disclosure of financial results of financially assisted activities.
2. **Accounting Records.** The applicant shall maintain records, which adequately identify the source and application of monies provided for the project. The source of this funding is the Volkswagen Trust and is not a grant.
3. **Internal Control.** The internal control structure provides reasonable assurance that assets are safeguarded and must assure that assets are used solely for authorized purposes.
4. **Source Documentation.** Accounting records must be supported by such source documentation as canceled checks and paid invoices. Appropriate electronic verification of cleared checks may also be considered source documentation in lieu of actual canceled checks. The documentation must be made available by the applicant at the APCP's request.

III. Dispute Resolution and Termination

A. Dispute Resolution

1. The applicant and the APCP shall attempt to resolve disagreements concerning the project performance including reporting requirements.
2. If an agreement cannot be reached within sixty (60) days of the issuance of the notice of noncompliance, the Department's APCP Director will provide a written decision. Such decision of the APCP Director shall be final unless a request for review is submitted to the Department's Division of Environmental Quality (DEQ) Director within fifteen (15) days of the receipt of the APCP Director's decision. The DEQ Director shall provide a final decision within thirty (30) days of the receipt of the applicant's request. Such requests shall include:
 - a. A copy of the APCP Director's written decision;
 - b. A statement of the amount in dispute;
 - c. A brief description of the issue(s) involved; and
 - d. A concise statement of the objections to the final decision.
3. A decision by the DEQ Director shall constitute final Department action.

B. Termination

1. Termination for Cause.

By the Department:

- a. The Department may terminate any award, in whole or in part, at any time before the date of completion whenever it is determined that the applicant has failed to comply with the requirements of this program.
- b. The Department shall promptly notify the applicant in writing of such a determination and the reasons for the termination, together with the effective date.

2. Termination for Convenience.

The Department or the applicant may terminate the award, in whole or in part, when the parties agree that the continuation of the project would not produce beneficial results commensurate with the further expenditure of monies.

C. Enforcement: Remedies for Noncompliance

If an applicant falsifies any award document, fails to maintain records or submit reports, refuses the APCP access to records, or materially fails to comply with any term of an award, then the APCP may take one or more of the following actions, as appropriate:

1. Suspend or terminate, in whole or part, the award of current or future monies;
2. Temporarily withhold payments pending applicant's correction of the deficiency;
3. Withhold further Awards from the applicant;
4. Compel the repayment of monies provided to the applicant pursuant to the award;
5. Order the applicant not to transfer ownership of assets purchased with award monies without prior APCP approval; or

6. Pursue any other remedies that may be legally available, including cost recovery, breach of contract, and suspension or debarment with respect to the applicant.

IV. Applicant's Signature

To be eligible to receive VW Trust monies, the applicant's signature on the application signifies the applicant's agreement to all the requirements of the award, including the application and the documents incorporated therein.